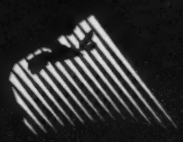
2008/2009 ANNUAL REPORT

LEADING THROUGH EFFICIENT, FAIR AND COMPETENT REGULATION

CNSOPB



CANADA-NOVA SCOTIA
OFFSHORE PETROLEUM BOARD

Table of Contents

Report from the Chair & Chief Executive Officer 3

1.0 Core Regulatory Responsibilities 7
- 1.1 Strategic Direction 7

2.0 Health, Safety & Environment 9
- 2.1 Health & Safety 11
  - 2.1.1 Occupational Health and Safety Accord Acts Amendments 11
  - 2.1.2 Injury Statistics 11
  - 2.1.3 Sable Offshore Energy Project (SOEP) 12
  - 2.1.4 Deep Panuke Offshore Gas Development 13
  - 2.1.5 International Regulators' Forum 13
  - 2.1.6 Offshore Security 14
- 2.2 Environment 14
  - 2.2.1 Environmental Assessment 16
  - 2.2.2 Sable Offshore Energy Project (SOEP) 16
  - 2.2.3 Deep Panuke Offshore Gas Development 17
  - 2.2.4 Regional Environmental Assessments 17
  - 2.2.5 Fisheries Advisory Committee 17
  - 2.2.6 International Offshore Petroleum Environmental Regulators' Group 18
  - 2.2.7 Eastern Scotian Shelf Integrated Management 18
  - 2.2.8 Environmental Studies Research Fund 18
  - 2.2.9 Spills & Releases 19
  - 2.2.10 Environmental Damages Fund 19

3.0 Resources & Rights 21
- 3.1 Resources 21
  - 3.1.1 Sable Offshore Energy Project Production 21
  - 3.1.2 Project Monitoring 23
  - 3.1.3 Exploration Activity 23
  - 3.1.4 Geophysical & Geotechnical Programs 23
  - 3.1.5 Resource Assessment 23
- 3.2 Rights Management 24
  - 3.2.1 Interests 24
  - 3.2.2 Call for Bids 25
  - 3.2.3 Exploration Licences 25
  - 3.2.4 Significant Discovery Licences 27
  - 3.2.5 Production Licences 28
- 3.3 Geoscience Research Centre (GRC) 28
- 3.4 Data Management Centre (DMC) 29
- 3.5 Other Geoscience Initiatives 29

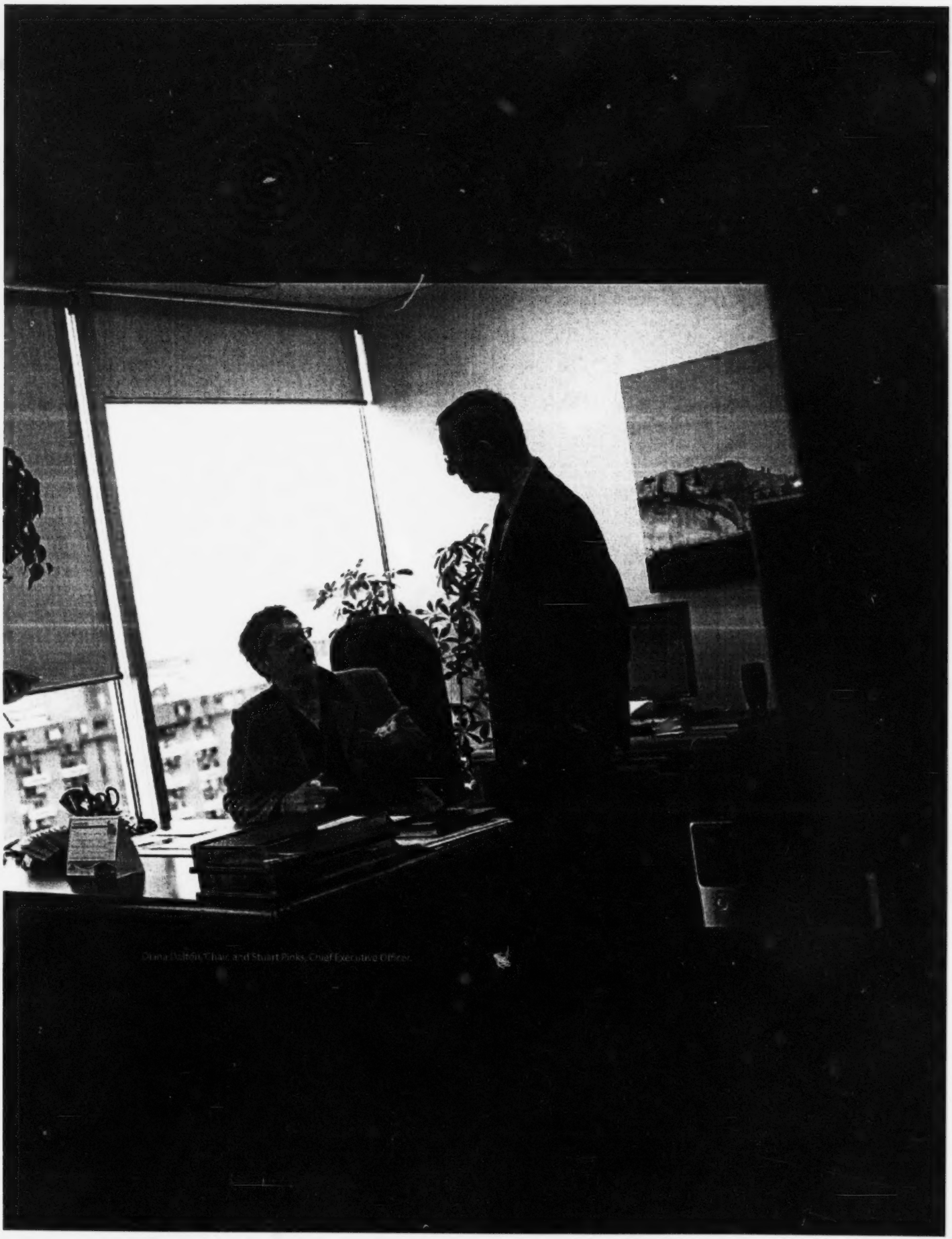
4.0 Industrial Benefits 31
- 4.1 Benefits Review Committee 31
- 4.2 Sable Offshore Energy Project 31
- 4.3 Deep Panuke Offshore Gas Development 32

5.0 Administration 32

6.0 Regulatory Modernization 35

7.0 Financials 39

8.0 Board Members 51



Report from the Chair & Chief Executive Officer

We are pleased to report on the Canada-Nova Scotia Offshore Petroleum Board's activities in 2008-09 - - a year in which good safety and environmental performance was achieved in the Nova Scotia Offshore Area.

We began by recommitting to three strategic objectives: optimizing resource management, regulatory modernization, and organizational excellence. Solid progress has been made in each of these areas. New exploration licences (ELs) for offshore Nova Scotia were issued in 2008-09 - - a first in more than four years. The ELs incorporate a number of significant changes to our licensing regime which the CNSOPB announced in 2007. Similarly, our continued strong focus on interpreting and sharing offshore geological and geophysical information was evident in the high quality of the technical information which supported Call for Bids NS08-2. It was also evident in our role in conferences such as the Central Atlantic Conjugate Margins Conference, held in Halifax in August 2008.

Our shared vision with governments and fellow regulators of renewing and modernizing the regulatory environment for Canada's frontier and offshore oil and gas sector remained a priority for the CNSOPB in 2008-09. Through the Frontier Offshore Regulatory Renewal Initiative (FORRI) we continue to support governments' work to update the existing petroleum regulations. This cooperative approach recognizes the importance of continuous improvement of the regulatory regime and marks a shift toward goal-oriented regulations.

From an organizational perspective, the Board recognizes its most important asset is its human resources. In 2008-09 we continued to optimize our performance management system. Similarly, we continue to invest in training and education as an important component of succession planning, and as a necessity for staying current with new trends in the oil and gas sector.

The Board draws on the strength of its many partnerships in discharging its regulatory mandate, and in meeting its strategic goals. In 2008-09, we signed a Memorandum of Understanding (MOU) with the National Energy Board to make the regulatory oversight of pipelines more efficient and effective. This MOU is just one of the many examples of the high degree of cooperation

"Our shared vision with governments and fellow regulators of renewing and modernizing the regulatory environment for Canada's frontier and offshore oil and gas sector remained a priority for the CNSOPB in 2008-09."

that exists among energy regulators and governments in Canada. Beyond our borders, we are active members of the International Regulators' Forum on health and safety, and members of the newly formed International Offshore Petroleum Environmental Regulators' Forum. In addition, our staff is active in a variety of groups including the CNSOPB Fisheries Advisory Committee, the Eastern Scotian Shelf Integrated Management initiative, and both the Canadian and American Associations of Petroleum Geologists.

Looking ahead to 2009-10, the Board anticipates a busy year with respect to its core regulatory responsibilities. ExxonMobil and partners are planning a drilling program and major maintenance program associated with the Sable Offshore Energy Project, which is now in its tenth year of production. EnCana Corporation's Deep Panuke Offshore Gas Development project continues to ramp-up as evidenced by the pipeline installation and drilling programs which are scheduled to be carried out in the coming year.

In 2009-10, we intend to issue at least one Board-led Call for Bids in addition to accepting industry land nominations. As such, our technical teams will continue to analyze well, seismic and environmental information to identify land parcels for future calls for bids. The Board also expects to continue providing technical expertise to a number of government-led initiatives, including FORRI and the Nova Scotia Offshore Renewal Plan.

Finally, we would like to recognize the important contributions of three of our Board Members who left the Board in 2008-09: Mr. William D. Hogg, C.A., Ms. Sara Jane Snook, P.Eng, and Mr. Brian Giroux. These individuals have contributed their time and energy to ensure the continued efficient, fair and competent regulation of petroleum affairs and safe practices in the public interest.

The Board and staff sincerely thank each of them for their commitment to public service.

Sincerely,

Diana Dalton
Chair

Stuart Pinks
Chief Executive Officer

Staff members from the CNSOPB Resources & Rights, and Health, Safety & Environment groups: Kimberley Nauss, Robert Normore, Christine Bonnell-Eisnor, Gerald Sheehan, Elizabeth MacDonald.

Jason Butts and Troy MacDonald manage the CNSOPB's information systems.

1.0 Core Regulatory Responsibilities

The Board's core regulatory responsibilities span the full life-cycle of offshore activities ranging from resource assessments, exploration, development, production and abandonment. These core regulatory responsibilities are aligned with the Board's mandate which is described below.

Board Mandate

The Board is the independent joint agency of the Governments of Canada and Nova Scotia responsible for the regulation of petroleum activities in the Nova Scotia Offshore Area, including:

- health and safety for offshore workers;
- protection of the environment during offshore petroleum activities;
- management and conservation of offshore petroleum resources;
- compliance with the provisions of the Accord Acts that deal with Canada-Nova Scotia employment and industrial benefits;
- issuance of licences for exploration and development, and
- resource evaluation, data collection, curation and distribution.

The Board's mandate and core regulatory responsibilities are guided by a regulatory framework which consists of: legislation, regulations, guidelines, decision reports, memoranda of understanding and other regulatory documents.

1.1 Strategic Direction

In addition to delivering on its core regulatory mandate and providing support to government led initiatives, the Board focused on the following three strategic priorities in 2008-09:

i. Optimizing Resource Management

ii. Regulatory Modernization

iii. Organizational Excellence

Progress has been made in each of these areas, and includes:

- Successful Board-led Calls for Bids;
- Continued interpretation and sharing of geological and geophysical information;
- Continuing collaboration with governments and other regulators on the modernization of the regulations and guidelines that govern offshore petroleum activities; and,
- Further development and maintenance of the Board's Performance Management System.

The Board will build on the momentum and successes from 2008-09 and continue its focus on these three strategic priorities in the coming fiscal year.

2.0 Health, Safety & Environment

Introduction The health and safety of offshore workers and the protection of the environment is paramount for the CNSOPB in its review of operator requests for offshore work authorizations. As part of an application for authorization to conduct a petroleum related activity in the offshore, an operator must demonstrate that it has robust safety and environmental management systems in place. An operator must also demonstrate that it has properly identified the health, safety, and environmental hazards associated with the proposed work activities, and that the associated risks have been evaluated and can be appropriately mitigated and managed.

Activities authorized by the CNSOPB are subject to a monitoring program which evaluates operator compliance with health, safety and environmental requirements. Operators must submit a variety of reports to the CNSOPB providing information on the status of their work programs and to confirm compliance with a number of regulatory requirements. Operational status reports are provided daily for drilling and production activities, and weekly for other activities. Reports filed with the Board are reviewed by staff to identify health, safety and environmental compliance issues. The Board also routinely reviews minutes from Joint Occupational Health & Safety (JOHS) Committee meetings held offshore to ensure that health and safety matters raised through this forum are dealt with appropriately by the operator.

Operators are required to report all accidents and other hazardous incidents that occur at their offshore work locations in accordance with established criteria. In each case, the Board verifies that the operator takes appropriate action to determine the causes of the accidents or incidents and to prevent their recurrence. The Board reviews this information, as well as information from other independent sources, to determine possible trends and to identify specific areas for improvement.

Board staff regularly conduct health, safety and environmental compliance audits and inspections at offshore work sites. They also undertake pre-inspections of vessels and installations prior to their authorization for offshore activities to commence. During the past year, Board staff made eleven offshore visits to vessels and installations to conduct such audits and inspections.

The Board has an established compliance and enforcement policy to address regulatory non-compliance. Under this policy, the Board will normally seek voluntary compliance from the operator, but other possible actions may include: issuance of orders, directives or notices, suspension or revocation of approvals and authorizations, and prosecution.

Figure 1 provides a summary of work authorization applications that were submitted and approved between April 1, 2008 and March 31, 2009.

FIGURE 1: Summary of Work Activities

ACTIVITY APPROVED	NUMBER OF APPLICATIONS APPROVED		
	06/07	07/08	08/09
DRILLING			
Drilling Program Authorization	1	-	-
Approval to Drill a Well	-	-	-
GEOPHYSICAL/GEOTECHNICAL/GEOCHEMICAL			
Seismic	-	-	-
Seabed/Geological Evaluations	-	1	1
Conasset Project - Post Removal Site Clearance	1	-	-
INSTALLATIONS			
Authorization to Install:			
• Thebaud facilities modification (SOEP)	1	-	-
• Transport & install compression Platform (SOEP)	1	-	-
• Hook up & commission compression platform (SOEP)	1	-	-
• Pipeline "right of way" clearance and ROV survey (Deep Panuke)	-	-	1
• Phase 1 – Pipeline pre-lay survey (Deep Panuke)	-	-	1
DIVING			
Diving Program Authorization	-	1	-
PRODUCTION			
Production Operations Authorization (SOEP):			
• Renewal of Authorization	-	-	1
• Revised to add Compression	1	-	-
Application to Alter a Well (SOEP)	4	-	2
TOTAL			6

2.1 Health & Safety

2.1.1 Occupational Health and Safety Accord Acts Amendments

Provincial and federal governments continue to finalize proposed amendments to the Accord Acts regarding offshore occupational health and safety. While this process continues, the Board's Occupational Health & Safety (OHS) Requirements remain in place to provide protection for offshore petroleum workers and direction to operators. The Board's OHS Requirements are a condition of all activities authorized by the Board.

2.1.2 Injury Statistics

In the 2008 calendar year, there were 364,185 person hours worked under Board authority in the Nova Scotia Offshore Area. During that period, there was 1 disabling injury (see Figure 2 for greater detail).

FIGURE 2: Disabling Injury Statistics for 2008 Annual Report

YEAR	2004	2005	2006	2007	2008
NUMBER OF DISABLING INJURIES*					
Installations	5	1	4	0	1
Vessels	3	1	1	0	0
Aviation	0	0	0	0	0
TOTAL					
PERSON HOURS					
Installations	839,526	601,669	740,755	274,080	230,880
Vessels	785,857	163,877	182,173	98,547	87,993
Aviation	66,907	45,635	54,620	29,424	27,312
TOTAL					
FREQUENCY RATE (per 200,000 person hours)					
Installations	1.19	0.33	1.08	0	.87
Vessels	0.76	1.22	1.10	0	0
Aviation	0	0	0	0	0
TOTAL					

* The term "disabling injury" means an employment injury or an occupational disease that

(a) prevents an employee from reporting for work or from effectively performing all the duties connected with the employee's regular work on any day subsequent to the day on which the disabling injury occurred, whether or not that subsequent day is a working day for that employee,

(b) results in a loss by an employee of a body member or part thereof or in a complete loss of its usefulness, or (c) results in the permanent impairment of a body function of an employee.

Geoscience Research Centre (GRC) Geological Technologist Debra Wheeler reviews a seismic image. Access to the GRC and its staff is available to the public free of charge.

2.1.3 Sable Offshore Energy Project (SOEP)

In November 2008, the Board renewed ExxonMobil's Production Operations Authorization (POA) for the SOEP which will remain valid until November 2010. The issuance of the renewed POA included a review and update of the safety and environmental plans, as well as training and competency programs.

The Board's regulatory focus on ExxonMobil's integrity management programs continues. In response to a joint CNSOPB / NEB request (the SOEP pipeline is jointly regulated), ExxonMobil has submitted a revised Pipeline Integrity Manual for review and acceptance by the two Boards and the Certifying Authority. In accordance with requirements contained within this manual, ExxonMobil undertook certain pipeline pigging and internal inspections during 2008-09. For example, pigging of the 12" pipeline from North Triumph to the Thebaud facility was completed in the fall, and the pigging inspection process of the 26" pipeline from Thebaud to the Goldboro gas plant commenced in March 2009.

The CNSOPB, assisted by the Nova Scotia Department of Labour and Workforce Development, conducted an offshore facility inspection of the Venture Platform in 2008 with a primary focus on occupational health and safety. Additionally, a comprehensive safety and maintenance audit of offshore pedestal cranes was conducted to verify their ongoing safety and integrity.

In 2008, ExxonMobil developed new Key Performance Indicators (KPI's) that measure operational integrity of the SOEP offshore facilities. Traditional indicators used throughout the industry have focused more on occupational health and safety performance (or personal safety performance). The need to expand the indicators to include measures of operational integrity is well documented given that the loss of such integrity could give rise to major accidents. With the introduction of its new KPIs, ExxonMobil now provides ongoing data to the CNSOPB measuring both occupational health and safety performance, and operational integrity.

The SOEP Tier I facilities are now 10 years old and have reached a point in their lifecycle where maintenance requirements are increasing. In August 2008, SOEP was shut down for close to 7 days to undertake such work. In 2009, the SOEP facilities will shut down in late summer to carry out a significant maintenance program involving internal pressure vessel inspections and other required work. This maintenance will ensure ongoing regulatory compliance and the long term safety and reliability of the facilities.

The CNSOPB has been actively monitoring the results of ExxonMobil studies into long term maintenance needs and logistics. The CNSOPB efforts in this regard are to ensure that ExxonMobil is properly planning its maintenance programs so that the offshore facilities will remain fit for their intended purpose, and will be able to operate safely without polluting the environment for the entire expected project life. As a result of these studies, ExxonMobil has committed

to adding additional living quarters at the Thebaud complex during the summer of 2009 to bring the maximum allowable persons on board (POB) up from 40 to 50 on a permanent basis. The current maximum of 40 POB was found to present a logistical constraint from a longer-term maintenance perspective.

2.1.4
Deep Panuke Offshore Gas Development

EnCana has continued to advance the Deep Panuke project with three separate offshore activities having been authorized in 2008-09. The M/V Investigator was engaged to conduct wellsite seabed surveys at the proposed well locations under an approved Geotechnical Program Authorization. The M/V Skandi Bergen conducted condition surveys of the existing suspended wells in addition to conducting "right of way" clearance activities on the proposed pipeline route. As of March 31, 2009, the M/V Manta III was conducting the pre-lay survey of the pipeline route from Goldboro to the Deep Panuke field production centre location. This activity was being conducted under Part 1 of an Approval to Install the pipeline, which was authorized by the Board in March 2009.

Construction of the Production Field Centre (PFC) has commenced and the pipeline preparatory work is also underway. The actual pipeline installation program is expected to begin in July 2009. Installation of the PFC is scheduled for the summer of 2010, with first gas targeted for the fourth quarter of 2010.

EnCana has submitted an Escape, Evacuation and Rescue (EER) study, in accordance with Condition 19 of the Board's Deep Panuke Development Plan Decision Report. The EER study is currently under review by Board staff. Other critical safety studies, including a revised Concept Safety Analysis (CSA), are being prepared to demonstrate that agreed target levels of safety will be achieved, and that the risk of harm to personnel has been reduced to as low as reasonably practicable. The studies and analysis will be reviewed by Board staff as part of the ongoing project evaluation.

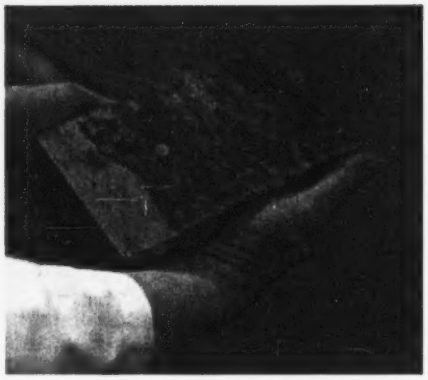
2.1.5
International Regulators' Forum

The National Offshore Petroleum Safety Authority (NOPSA) of Australia hosted the annual meeting of the International Regulator's Forum (IRF) in October 2008 in Sydney.

The IRF gives regulators from eight countries with offshore oil and gas activities (United States, United Kingdom, Norway, Netherlands, Canada, Brazil, Australia and New Zealand) the opportunity to exchange information on such topics as:

- Offshore health and safety trends
- Industry health and safety performance
- Lessons from incidents
- Industry best practices
- Regulatory practice
- Effectiveness of regulatory activities

The annual IRF meeting addressed such issues as asset integrity management, operator organizational challenges, learnings from accidents/incidents, setting of safety zones, investigation and enforcement practices, and safety concerns related to carbon capture and storage. Separate IRF working groups continue to focus efforts on offshore safe lifting



A key component of the Board's mandate is collecting, storing, interpreting and distributing offshore geoscientific information including drill core cuttings, well logs and seismic information.

practices, and performance measurement. Canada has agreed to consider hosting a 3rd International Regulators' Offshore Safety Conference in 2010, likely in Vancouver. This is in follow up to previous conferences held in London, England in 2005 and in Miami, Florida in 2007. These conferences bring together leading government, regulatory, and industry experts from around the world to share best practices for safe exploration and production.

Further information on IRF activities can be found on its website: http://www.irfoffshoresafety.com/

2.1.6 Offshore Security

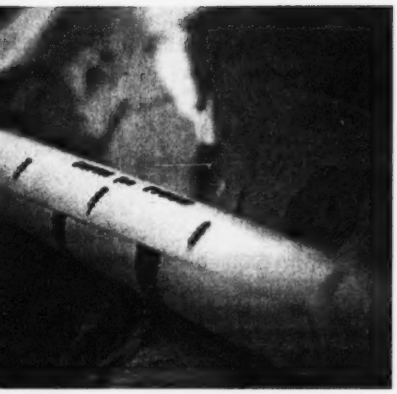
The Board continues to promote measures aimed at protecting the security of facilities involved in oil and gas exploration and production in the Nova Scotia Offshore Area in alignment with the Government of Canada's National Critical Infrastructure Assurance Program. Board representatives attend semi-annual classified briefings held in Ottawa by the Energy Infrastructure Protection Division (EIPD) of Natural Resources Canada (NRCan), in collaboration with the Canadian Security Intelligence Service. These briefings are attended by energy sector stakeholder personnel with appropriate security clearance, and are provided as part of an EIPD effort to facilitate the exchange of information between the public and private sectors.

In addition, the Board has entered into discussions with Transport Canada, which has certain responsibilities for security under the Marine Transportation Security Act, to align regulatory practices for assuring the security of vessels and marine facilities involved in offshore oil and gas activities.

2.2 Environment

The Board's mandate includes protection of the offshore environment during all phases of petroleum activity, including exploration, development, production and project abandonment.

The Board is a Federal Authority under the Canadian Environmental Assessment Act (CEAA) and follows the environmental assessment requirements outlined in the Act. All environmental assessments must be in compliance with the Species at Risk Act to ensure the protection of listed species that may be affected by offshore activities. As well, Memoranda of Understanding remain in place with both Fisheries and Oceans Canada (DFO) and Environment Canada (EC) to provide effective coordination of environmental and fisheries matters.



2.2.1
Environmental Assessment

Since July 2003, all offshore oil and gas activities have been subject to environmental assessment (EA) under CEAA. This includes both exploration and development projects. There have been seven environmental assessments conducted since 2005, including two to validate the results of previously approved reports.

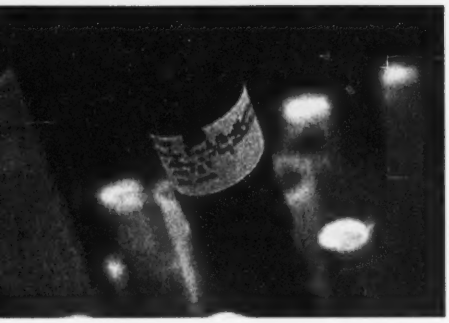
Although no new environmental assessments were initiated during the past year, the review process did continue for two projects initiated by Canadian Superior Energy Inc. in 2006-07. These two environmental assessments address potential seismic activity and exploratory drilling, in Exploration Licences 2415, 2416 and 2409 (seismic) and 2415 and 2416 (exploratory drilling). Both of these environmental assessments are expected to be completed in 2009. It has been five years since the BEPCo Exploratory Drilling Comprehensive Study Report (CSR) has been approved by the Minister of Environment. A validation of the Environmental Assessment submitted by BEPCo during the CSR process began in 2008-09, and will carry forward into 2009.

Consideration of public comments is an important part of the environmental assessment review process. The level of public participation varies with each project. An internet-based Public Registry tracks all environmental assessments conducted under the CEAA. All environmental assessments undertaken by the Board pursuant to the CEAA are listed on this registry. The Board also posts project descriptions, environmental assessments, and related correspondence on its Public Registry, accessible on the Board's website. From this website the public can follow a proposed activity from the project description stage, through the environmental assessment and the associated follow-up activities. The public may also submit comments to the Board during the environmental assessment process.

2.2.2
Sable Offshore Energy Project (SOEP)

Environmental monitoring conducted by ExxonMobil of the SOEP consists of two components: compliance monitoring and environmental effects monitoring (EEM). Compliance monitoring, such as monitoring of discharges levels, is in place to ensure compliance with the regulations, guidelines, conditions and all applicable laws. Compliance monitoring results are submitted to the Board regularly for review.

ExxonMobil conducts annual EEM programs for the SOEP which monitor the project's effects on specific components of the surrounding environment. The 2008 EEM program focused on site related effects on benthic and fish habitat, shellfish, seabirds, air quality, and fish health, as well as the effects of produced water on the environment. The results of the EEM program are submitted to the CNSOPB for review in the first quarter of each year. An EEM review process framework was developed jointly in 2005 between the CNSOPB, Canadian Environmental Assessment Agency, Department of Fisheries and Oceans and Environment Canada. The purpose of this framework is to strengthen cooperation and coordination between government, regulators and industry when



designing, implementing and reviewing EEM programs with respect to the oil and gas sector offshore Nova Scotia.

There was one environmental audit and one environmental inspection conducted of the SOEP in 2008-09. The purpose of the audit was to verify compliance of elements of ExxonMobil's Environmental Management Operations and Integrity Management System (OIMS) with regulations and guidelines. More specifically, this audit focused on:

- adequacy and effectiveness of programs and procedures related to overboard water discharge (produced water and deck water);
- adequacy and effectiveness of programs and procedures related to the flaring of produced gas; and,
- the adequacy of certain spill containment measures.

The environmental inspection which took place in 2008-09 was conducted in conjunction with Environment Canada, the purpose of which was to inspect compliance with Federal Halocarbon Regulations.

2.2.3
Deep Panuke Offshore Gas Development

In 2008-09, EnCana submitted the following documents for review related to environmental monitoring near shore and offshore marine pipeline installation activities: the Roseate Tern Monitoring Program, the Baseline Benthic Study, the Pipeline "Right of Way" Clearance and ROV Survey Environmental Protection Plan/ Environmental Effects Monitoring Plan (EPP/ EEMP), and the 2009 Offshore Pipeline Prelay EEP/EEMP. Each of these studies contribute to satisfying follow-up commitments made by EnCana during the Comprehensive Study Environmental Assessment, and are available on the CNSOPB Public Registry.

2.2.4
Regional Environmental Assessments

The Board is exploring the concept of conducting Regional Environmental Assessments (REA). An REA may provide an opportunity to focus project specific environmental assessments and assess cumulative effects in a more comprehensive manner. In 2008, consultants were hired to prepare a Gap Analysis to determine which additional biophysical data would have to be collected to conduct an REA, and to develop a proposal for a stakeholder consultation framework.

2.2.5
Fisheries Advisory Committee

The Board's Fisheries Advisory Committee (FAC) includes representatives from various fishing groups, Department of Fisheries and Oceans, the Nova Scotia Department of Agriculture and Fisheries, Natural Resources Canada, and the Nova Scotia Department of Energy. FAC members provide advice and suggestions to the Board for consideration in Call for Bid processes, environmental assessments, work authorization applications, and the development of Board guidelines. Members are regularly provided with information about petroleum activities on a regular basis. Formal FAC meetings are held periodically to inform and engage

(L-R) Data Management Centre technicians John Martin and Elizabeth Nickerson. The DMC provides users from anywhere in the world with free online access to offshore geoscience data: www.cnsopbdmc.ca

members in a discussion of upcoming projects and other petroleum related activities. Committee members are provided with notice of all environmental assessments and are invited to submit comments to the Board for consideration during the review processes.

2.2.6 International Offshore Petroleum Environmental Regulators' Group

The CNSOPB is one of the founding members of the International Offshore Petroleum Environmental Regulators Group (IOPER), which was established in 2008. Participating countries include Canada, Australia, the United States, the United Kingdom, and Norway. It was formed to provide a network of offshore petroleum environmental regulators for mutual support and advice. Information exchanged among regulators through IOPER may include: offshore environmental trends, petroleum industry environmental performance, lessons from environmental incidents, industry best environmental practice, environmental regulatory initiatives, and measuring the effectiveness of regulatory activities.

2.2.7 Eastern Scotian Shelf Integrated Management

The Board continues to participate in the Eastern Scotian Shelf Integrated Management (ESSIM) initiative. ESSIM is led by DFO and takes a collaborative, integrated planning and management approach to addressing broad scale ocean use and interests of the Eastern Scotian Shelf. In 2008-09, the CNSOPB continued to collaborate with DFO on the following ESSIM initiatives: the Stakeholder Advisory Council, the Federal-Provincial ESSIM Working Group, the Regional Committee on Ocean Management, and the ESSIM Forum Planning Committee. The third ESSIM forum was held this year, and staff were active participants in both planning and conducting the forum.

2.2.8 Environmental Studies Research Fund

The Board is a member of the Environmental Studies Research Fund (ESRF) management board, which includes representatives from government, regulators, industry, and the public. Funding for the ESRF is provided by industry through levies on exploration and production properties on frontier lands. The purpose of the ESRF is to finance environmental and social studies pertaining to the manner in which, and to the terms and conditions under which, petroleum, exploration, development, and production activities on frontier and offshore lands should be conducted. It is designed to assist in the decision making process related to oil and gas exploration and development on Canada's frontier and offshore lands. The 12-member management board sets priorities, budgets and development protocols. This year's research priorities included evaluation of seismic impacts on invertebrates and fish; seabird monitoring and effects from sheens; physical environment studies; and exploration and production waste discharge research.

2.2.9
Spills & Releases

All spills and releases must be reported to the Board. The potential environmental impacts of each spill and accidental release are reviewed and/or investigated by the Board. The Board also monitors spill occurrences to determine if any trends are occurring. Environmental concerns include the potential impact of petroleum products on seabirds as well as the impact of spills on the marine habitat.

There were seven spills and one gas release reported during the 2008-09 fiscal year. The gas release was 89kg of halocarbon refrigerant. The table below categorizes the spills.

This year the Board's format for summarizing and reporting of spill information was revised. The most up to date spill information is available on the Board's website.

2.2.10
Environmental Damages Fund

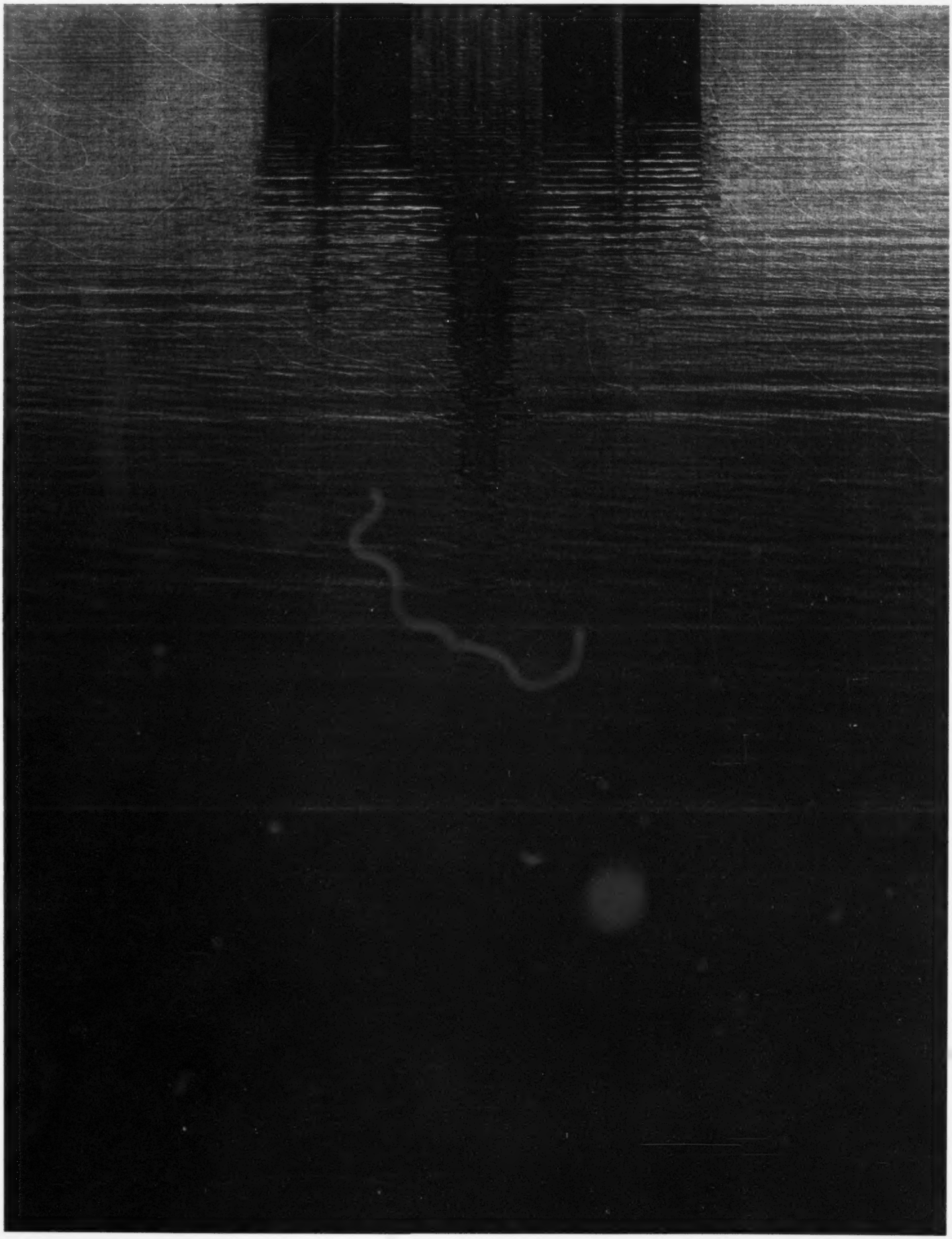
The Environmental Damages Fund (EDF) is administered by Environment Canada. Projects that are funded through the EDF help to restore natural environments and conserve wildlife in accordance with conditions specified by the courts. Contributions to the fund come from court awards, fines, penalties, and other contributions. In 2007, ExxonMobil was ordered by the court to contribute $50,000 to the EDF. The fine resulted from charges laid by the CNSOPB and subsequent prosecution related to the 2004 release of 4,000 litres of diesel fuel into the sea from the North Triumph production platform. Two projects were funded from the $50,000 fine:

- Sable Island Preservation Trust: Mitigation of Human Interference on Sable Island's Roseate Turn Population.
- Clean Nova Scotia: Marine Solid Waste/ Resource Management Coordination – A Pilot Project.

FIGURE 3:
2008-09 Spills

2008-09 SPILLS

MATERIAL	Less than 1L	1-10L	11-150L	Greater than 150L
Condensate	1			
Lubricating Oil	1			
Mineral Oil		2		
Oil Unclassified	1	2		



3.0 Resources & Rights

3.1 Resource

The Board's mandate includes petroleum rights, resources management, and data collection and distribution. The rights issuance, or licensing policy, is governed by Part II of the Accord Acts, which is based on the Canadian Petroleum Resources Act model. Administration of the licensing process is reviewed annually by the federal and provincial governments.

3.1.1 Sable Offshore Energy Project Production

The Sable Offshore Energy Project has been producing natural gas since the end of 1999. Tier I fields Thebaud, Venture and North Triumph provided the initial production followed by Tier II fields Alma and South Venture. Total yearly production by field is shown in Figure 1.0.

The average daily gas rate for each fiscal year is shown graphically by field in Figure 2.0. The values of average yearly rates are found in Table 1.0. As of March 31, 2009, total production was 41.6 E9m3 (billion cubic metres) or 1,468 Bcf (billion cubic feet). The individual field's contribution to this total production is shown in Figure 3.0.

FIGURE 1.0: Total Gas Production by Field each Fiscal Year

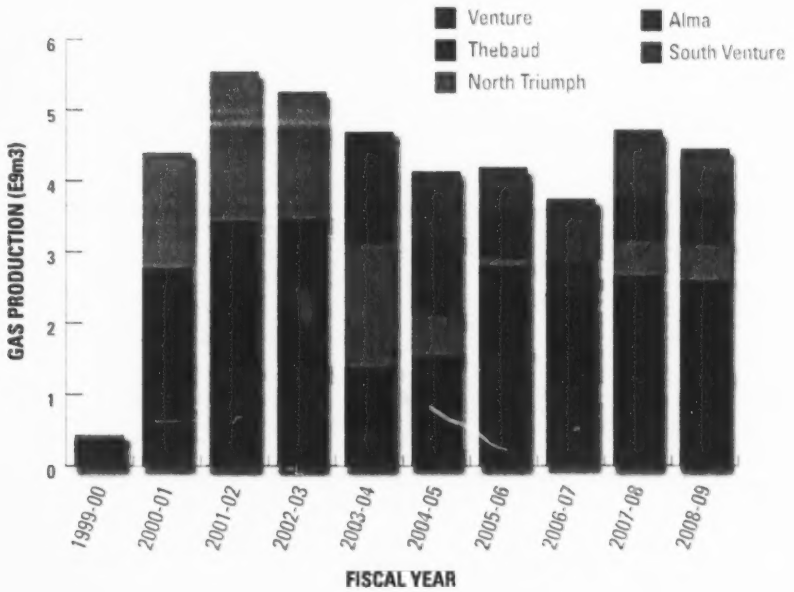


TABLE 1.0:
Total Average Daily Gas Rate each Fiscal Year

AVERAGE GAS RATE

FISCAL YEAR	(E6M3/D)	(MMcf/d)
1999-00	4.7	167
2000-01	12.0	425
2001-02	15.2	536
2002-03	14.4	509
2003-04	12.8	452
2004-05	11.3	400
2005-06	11.5	406
2006-07	10.3	362
2007-08	12.9	456
2008-09	12.2	431

FIGURE 2.0:
Average Daily Gas Rate by Field each Fiscal Year

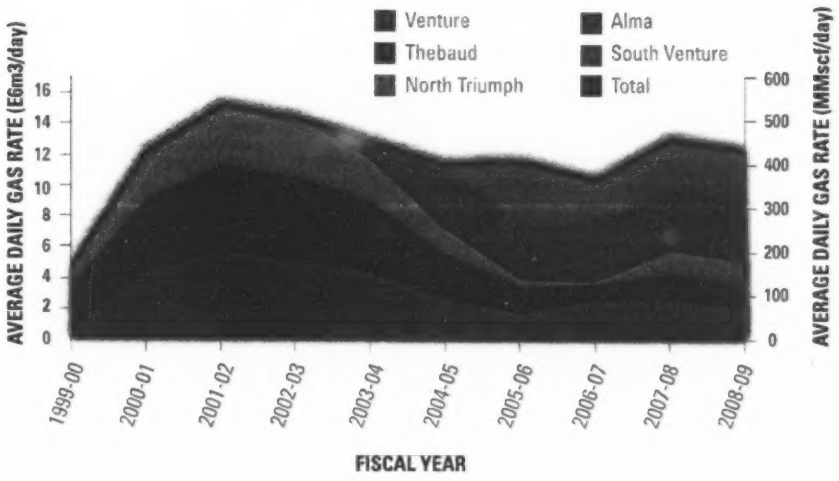
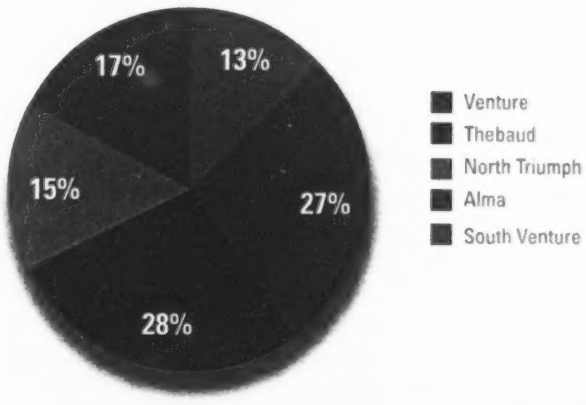


FIGURE 3.0:
Field Contributions to Total Production



3.1.2
Project Monitoring

The Board monitors exploration and development activity to ensure conservation of the resource and compliance with the regulations. This is accomplished through monitoring reservoir production and performance, regular communication with the operator, and reviewing activity authorization applications. When appropriate, technical studies are undertaken to independently validate proposals and activities.

3.1.3
Exploration Activity

There were no exploration, delineation, or development wells drilled during the reporting period.

Each application to drill a well includes a drilling plan that is reviewed by the Resources and Rights staff. Board staff undertake technical evaluations of all geological, geophysical, petrophysical and reservoir engineering aspects. The evaluation also ensures consistency of the drilling plan with regulations. After the well is spudded (i.e. drilling commences), its progress is continually monitored through daily reports and updates from the operator to ensure drilling is consistent with the approved program. All modifications are reviewed and approved if necessary. After the well is completed, the well results, data (i.e. well logs, cores, cuttings, fluids, etc.) and final reports are reviewed, analyzed and archived by staff.

3.1.4
Geophysical & Geotechnical Programs

In September 2008, EnCana Corporation conducted a geotechnical program of the proposed site for the Deep Panuke project's Production Field Center and on sections of the pipeline route. There were no geophysical programs conducted during the reporting period.

Each application for authorization to conduct a geophysical and geotechnical program is reviewed by Resources and Rights staff to ensure that there is no unnecessary duplication of data acquisition and that the program is in compliance with geophysical regulations. After the program has begun, progress is monitored weekly through reports from the operator to ensure progress is consistent with the approved program. Any modifications are reviewed and approved if necessary. Upon completion, the program's data and final reports are reviewed, analyzed and archived by staff.

3.1.5
Resource Assessment

The Board's Resources & Rights group continued their assessment of the hydrocarbon potential of the offshore sedimentary basins in 2008-09. These assessments are required to determine the estimated volumes of in-place resources and the estimated volumes of discovered recoverable reserves, and to estimate the volumes of undiscovered hydrocarbons. This data is incorporated into decisions pertaining to activities and the issuance of petroleum rights by the Board. Industry uses this data for evaluating a basin's exploration potential and prospectivity. Governments use the data

Nancy White, Geological Technologist, is pictured with some of the over 4,300 boxes of offshore drilling cores which are stored at the Board's Geoscience Research Centre in Dartmouth, Nova Scotia.

to evaluate potential supplies and for possible resource revenue.

The Board is nearing completion of a re-evaluation of the in-place and recoverable hydrocarbon reserves within the 15 undeveloped Significant Discovery Areas in the Sable Sub-basin. Incorporation of new seismic datasets, updated petrophysical analysis and new geological insights will provide a clearer picture of petroleum volumes and assist in evaluating development potential. An internal review of the seven recent shallow water wells drilled during the 2000-03 period on the Scotian Shelf/Sable Sub-basin is continuing with completion planned for later in 2009. The Board is also planning to conduct a joint regional resource inventory of the northeast Atlantic margin outer continental shelf with the U.S. Minerals Management Service for completion in 2010.

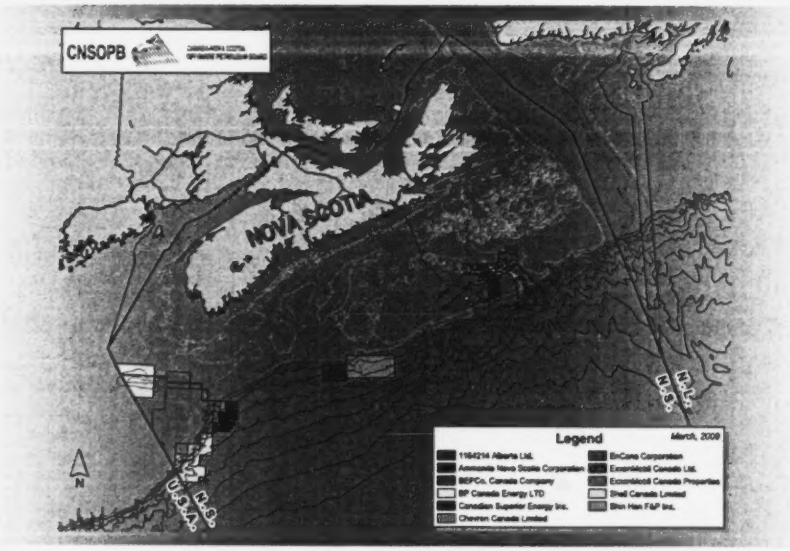
3.2 Rights Management

Public Registry of Instruments & Interests

The Board maintains a public registry of offshore licences/interests and instruments, as required by the Accord Acts. This is the official record of rights holders and any transfer of rights or change of ownership must be registered. The public may access the Registry in person at the Board's Halifax office or online on the Board's website.

3.2.1 Interests

This map shows the active licences offshore Nova Scotia as of March 31, 2009.



3.2.2
Call for Bids

At any time during the year, industry may nominate offshore land parcels for potential exploration. Nominated parcels are reviewed on March 31st and September 30th to determine whether any will be included in a Call for Bids. The Board itself can also post lands for inclusion in a Call for Bids.

There are presently three areas where nominations will not be accepted: the Georges Bank prohibition zone, the Donkin Coal Block Prohibited Area and the Sable Gully Marine Protected Area.

Three Call for Bids rounds were either issued or closed in fiscal year 2008-09: NS07-1, NS08-1, and NS08-2.

Call for Bids NS07-1

Call for Bids NS07-1, which was announced in the previous year, closed on June 30, 2008. The two parcels received successful work expenditure bids of over $216,000,000 combined. EL 2417 and EL 2418 were issued on September 15, 2008 to Ammonite Corporation (60%) and Catheart Energy (40%), who share ownership in these licences.

Call for Bids NS08-1

Call for Bids NS08-1, consisting of two industry nominated parcels, was announced on June 25, 2008 and closed on October 30, 2008. Exploration Licence 2419 was issued on January 1, 2009 to 1164314 Alberta Ltd, which was the successful bidder on Parcel 1 with a work expenditure bid of $7,871,173.60. Exploration Licence 2420 was issued on January 1, 2009 to Shin Han F&P Inc., which was the successful bidder on Parcel 2 with a work expenditure bid of $129,000,000.

Call for Bids NS08-2

Call for Bids NS08-2 was announced on November 21, 2008 and will close on June 26, 2009. It consists of two Board nominated deep water parcels located approximately 160 km southwest of Sable Island. Board staff prepared an in-depth regional and subregional geological and geophysical analysis of each parcel. This information was made available to interested bidders and to the public through the Board's website, and on CD-Rom.

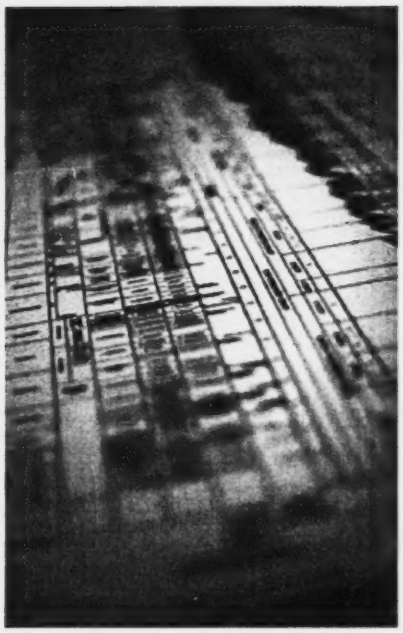
3.2.3
Exploration Licences

At the end of this fiscal year, there were eight active exploration licences offshore Nova Scotia with a total original work commitment of approximately $430,030,173.

The term of an Exploration Licence (EL) is nine years, consisting of two consecutive periods referred to as Period 1 and Period 2. In order for an EL to enter Period 2 a validation well must be drilled.

Fiscal year 2008-09 saw the issuance of new ELs which feature the new terms and conditions that were originally announced in 2007. The terms and conditions provide flexibility to explorers by lowering the cost of entry, deferring large upfront deposits, and encouraging early exploration.

Exploration licence terms require the interest holder of an exploration licence to post security, known as a Work Deposit, for



25% of the work expenditure bid on the licence. The Work Deposit is now payable before the end of the third anniversary of the licence for ELs issued on or after September 1, 2008, rather than in the first 15 days of licences which had been the past practice. The Work Deposit is refundable through approved allowable expenditures as the interest holder spends money on exploration of the licence.

Allowable expenditures are described in each EL. To encourage early exploration, approved allowable expenditures in the first three years are credited at a rate of 150% for licences awarded on or after September 1, 2008.

New EL holders are required to post a Licence Deposit in the amount of $50,000 within 30 days of being issued the EL. New EL holders must submit a work plan within 90 days of the issuance of the EL, which must be updated annually. Failure to submit an acceptable work plan may result in the revocation of the Exploration Licence.

Five exploration licences either expired or were surrendered during the fiscal year, with forfeitures totaling $12,074,756 which have been remitted to governments. Figure 5 outlines the licences that expired or were surrendered.

In accordance with the terms and conditions of Exploration Licences, rentals are to be paid annually for each year of Period 2. The rentals may be refunded upon application of approved allowable expenditures incurred during Period 2. Failure to pay rentals will results in cancellation of the Exploration Licence. There is one EL currently in Period 2 – EL 2409 held by Canadian Superior Energy Inc. In the past fiscal year, the total rentals paid and deposited in the account of the Receiver General for Canada was $101,835.

Active ELs at the end of the fiscal year are shown in the following table. These encompass a total area of 867,209 hectares.

FIGURE 5:
Forfeitures

EL#	Call for Bids	Work Expenditure Bid	Work Deposit	Validated for Period 2	Forfeiture
2369	NS98-2	$70,056,110	$17,514,027	Yes, Emma N-03	$6,798,204
2378	NS98-2	$71,134,815	$17,783,703	Yes, Balvenie B-79	$4,964,052
2387	NS99-1	$4,856,746	$1,214,186	Yes, Margaree F-70	$0
2402	NS00-1	$22,575,000	$5,643,750	Yes, Marquis L-35	$0
2416	NS03-1	$1,250,000	$312,500	No	$312,500

Melinda Whalen Wicks and Charity Harrington, members of the Industrial Benefits team.

3.2.4
Significant Discovery Licences

A Significant Discovery Licence (SDL) is an intermediate interest designed to maintain an explorer's rights during the period between the first discovery and eventual production. The term of such a licence continues so long as the underlying Significant Discovery Area remains valid. There are 23 Significant Discovery Areas offshore Nova Scotia over which 35 SDLs are held covering an area of 87,495 hectares. The breakdown of interest representatives for these SDLs is noted in Figure 7.

The Board has initiated a technical assessment to update the estimate of recoverable reserves associated with the majority of these SDLs.

FIGURE 6:
Exploration Licences

EL#	Effective Date	Interest Representative	Work Expenditure Bid
2406	1-Jan-02	Canadian Superior Energy Inc.	$ 41,250,000
2407	1-Jan-02	BEPCo. Canada Company	$ 6,742,000
2409	1-Jan-02	Canadian Superior Energy Inc.	$ 15,510,000
2415	1-Jan-04	Canadian Superior Energy Inc.	$ 12,857,000
2417	15-Sep-08	Ammonite Nova Scotia Corporation	$ 103,100,000
2418	15-Sep-08	Ammonite Nova Scotia Corporation	$ 113,700,000
2419	1-Jan-09	1164314 Alberta Ltd.	$ 7,871,173
2420	1-Jan-09	Shin Han F&P Inc.	$ 129,000,000

FIGURE 7:
Significant Discovery Licences

INTEREST REPRESENTATIVE	Number of SDLs
ExxonMobil Canada Properties	22
ExxonMobil Canada Ltd	3
Shell Canada Limited	6
EnCana Corporation	3
BP Canada Energy Company	1

Brian Altheim, Technical Analyst, maintains the Board's mapping and geological information systems.

3.2.5
Production Licences

A Production Licence (PL) is issued for any portion of the offshore area showing a commercial discovery. Such licences have a term of 25 years, but may be extended if commercial production is continuing or is likely to recommence. There are eight Production Licences offshore Nova Scotia with a total area of 33,858 hectares:

- PL 2901 and 2902, were issued for the Cohasset-Panuke offshore oil project. Production from Cohasset-Panuke ended in 1999.
- PL 2903, 2904, 2905, 2906, 2907, and 2908 are registered to ExxonMobil Canada Ltd as the interest representative for the Sable Offshore Energy Project.

3.3 Geoscience Research Centre (GRC)

The Board's Geoscience Research Centre (GRC) and digital Data Management Centre (DMC) are located in Dartmouth, Nova Scotia. Access to the GRC and its technical staff is available to the public, free of charge, from Monday to Friday, 8:00 a.m. to 4:00 p.m.

The collection and curation of offshore petroleum data is essential to the Board's mandate. The GRC fulfills this responsibility by providing geological and geophysical information and services to the public. The facility archives all final well history, geological, geophysical and wellsite survey reports. The GRC also enables users to study subsurface samples from petroleum exploration and development wells, including: cores, cuttings, fluids and related materials.

Most well data is confidential for a period of time specified in the Accord Acts: two years following well termination for exploration wells, 90 days for delineation wells, and 60 days for development wells. Once the confidentiality period has expired, information may be disclosed to the public. Industry and scientific, government, and academic organizations, are the primary users of these reports and samples.

The following is a profile of GRC visitors in fiscal year 2008-09:

- Industry, which includes local, national and international companies: 16%;
- Government or academic organizations: 63%; and
- Drilling or service companies: 21%.

Patricia Whittle,
Administrative Assistant

3.4 Data Management Centre (DMC)

The Board's digital Data Management Centre (DMC) is the first data management centre in North America to offer free of charge publicly accessible digital offshore petroleum data via a web-based interface. The DMC provides global access to quality data, significantly improves efficiency in obtaining and analyzing petroleum data and reduces the cost of regulatory compliance for industry. Additional benefits of the DMC include prevention of data loss, reduction in data storage costs and facilitating scientific research by the regulatory Boards, industry, governments, and universities.

The DMC provides for the submission, loading, management and distribution of petroleum data. The DMC manages and distributes the following digital petroleum data: well data (i.e. logs and reports), seismic image files (i.e. PDF and TIFF), Geographic Information Systems data (i.e. Licences, wells, bathymetry etc.), and production data. The DMC is located in a dedicated computer room in the Board's newly expanded Geoscience Research Centre in Dartmouth, Nova Scotia.

The DMC was officially opened on October 2, 2007, and had 143 registered users at the end of the fiscal year. These users are evenly distributed between industry, government/ academic and drilling/service companies.

Schlumberger Information Solutions (SIS) designed, installed and configured the DMC hardware, software, and user workflows. The DMC is currently undergoing an upgrade to enhance user functionality.

As of March 2009, complete data sets for 139 wells and 43 seismic programs (approximately 6100 items), had been loaded into the DMC. Along with the PDF & TIFF images available in the DMC, two seismic programs with full SEGY, SEGD, and field data (SEGD) are available on the DMC FTP site.

The DMC also hosts data to support the Board's NS08-1 & NS08-2 Call for Bids. The digital data for these Call for Bids is in PDF & TIFF format. NS08-1 included 31 seismic programs and 18 wells, while NS08-2 included 13 seismic programs 12 wells.

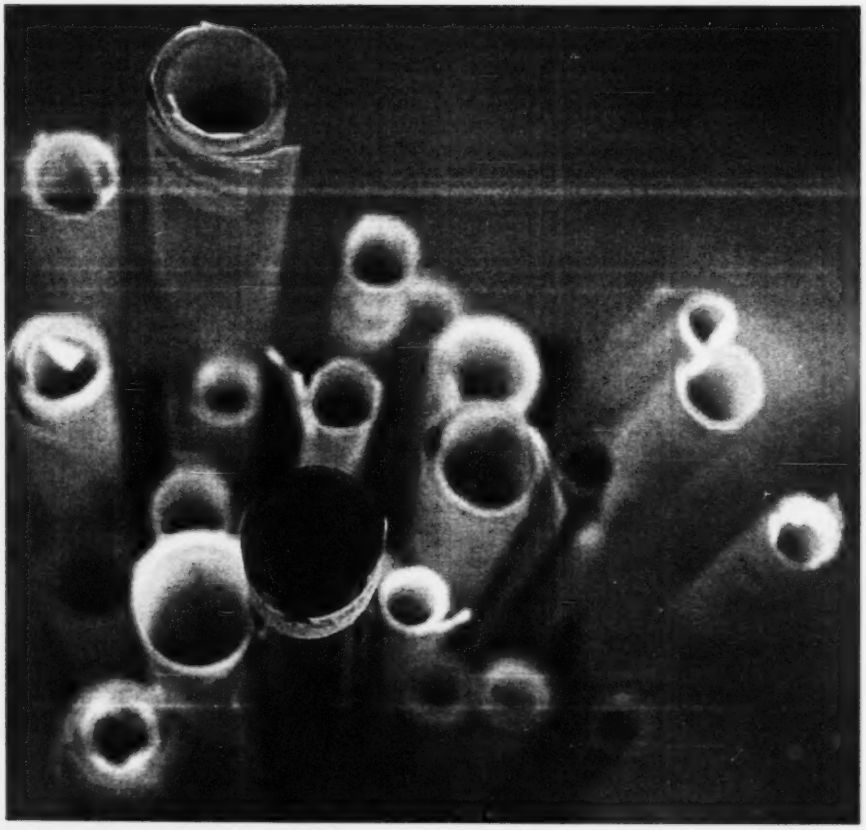
3.5 Other Geoscience Initiatives

The Board continued its support for the geosciences and initiatives devoted to improving knowledge of the region's petroleum geology, resource potential and hydrocarbon prospectivity. Board geoscientists have presented the results of their research and studies to a global audience by presenting technical papers and posters at conferences in Canada, the United States, the United Kingdom and South Africa.

Closer to home, the Board was a sponsor and participant at the Central Atlantic Conjugate Margins Conference that was held in Halifax in August 2008. More than 225 geoscientists from international companies, governments and academic researchers participated and gave presentations on the evolution of the Central Atlantic basins, their petroleum systems and potential. Board staff were involved in the organization of the

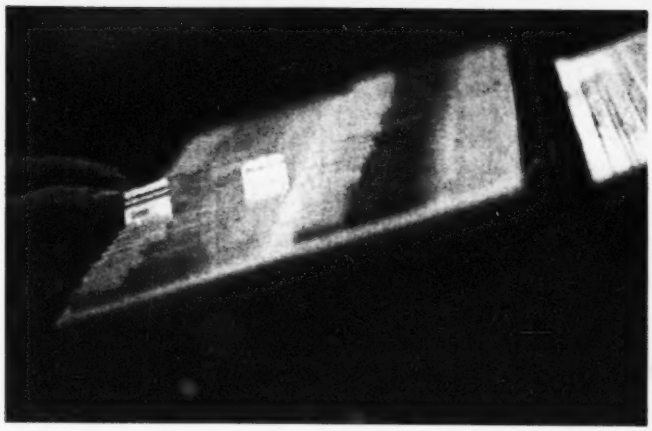
conference, and gave several presentations and hosted the Core Workshop at our new Geoscience Research Centre.

The Board's geoscientists, with colleagues from local universities and the Geological Survey of Canada-Atlantic, have been providing technical advice on the Nova Scotia Department of Energy's "Geoscience Gap Analysis". The result of this study identified key elements and knowledge gaps in our offshore that require further data and research. Going forward, the Board will be providing datasets, technical expertise and support to several components of this project that will result in a regional "Play Fairway Analysis" identifying the offshore's petroleum systems and will highlight areas that are prospective for hydrocarbon exploration.



The Nova Scotia Carbon Capture and Storage Demonstration Project is a multiphase research and development program proposed by the Carbon Storage Research Consortium to evaluate and deploy a fully integrated commercial scale Carbon Capture and Storage project in Nova Scotia by 2020. The project includes offshore and onshore geological assessments, including saline aquifers, hydrocarbon reservoirs, coals and shales. A number of committees have been formed to address all aspects of the project including geological assessment, risk management, engineering and communication. CNSOPB staff participate on the Onshore/Offshore Geoscience Committee which is tasked with identifying potential carbon storage sites both onshore and offshore Nova Scotia.

Board staff have provided support and feedback to several international geoscience consultancy firms and research organizations regarding planning of research and technical studies, organizing conferences, peer-review and editing of papers for technical journals. They also have been involved as volunteers with local geoscience societies, such as the Atlantic Geoscience Society, and related programs regarding public outreach and understanding of earth sciences and their impact to society.



4.0 Industrial Benefits

Under the Accord legislation, a Canada-Nova Scotia Benefits Plan must be submitted and approved before any work authorization is granted. The Benefits Plan must commit to the fundamental principles of full and fair opportunity to Nova Scotians and other Canadians to participate in the supply of goods and services on a competitive basis. The Benefits Plan must also commit to first consideration for training and employment for residents of Nova Scotia. First consideration is also given to services provided from within the province and to goods manufactured in the province on a competitive basis.

Other considerations that must be in a Benefits Plan include establishing an office in Nova Scotia with the appropriate level of decision making, provisions for disadvantaged individuals or groups and provisions for education and training and research and development.

The Board currently monitors Benefits Plans for the Sable Offshore Energy Project and the Deep Panuke Offshore Gas Development Project. Active Exploration Benefits Plans include Canadian Superior, BEPCo. Canada Company and 1164214 Alberta Ltd.

4.1
Benefits Review Committee

To satisfy the Board's duty to consult with both governments on the extent to which a Benefits Plan meets its obligations, the Board chairs a Benefits Review Committee. Membership consists of a representative from the CNSOPB, the Nova Scotia Department of Energy and Natural Resources Canada. Industry Canada and Atlantic Canada Opportunities Agency also participate at the request of the two governments. Since its inception in 1995, the Benefits Review Committee has provided significant input into the benefits review process.

4.2
Sable Offshore Energy Project

As part of satisfying the Board's decision report for the Sable Offshore Energy Project, ExxonMobil files an annual benefits report with the Board. According to the report filed with the Board for the period ending December 31, 2008, the Sable Offshore Energy Project has spent $2,066.6 million in Nova Scotia to date. $944.2 million has been spent in the rest of Canada with a total Canadian cumulative spend of $3,010.8 million. Nova Scotia person hours, cumulative to December 31, 2008, amounted to 18.63 million, while the rest of Canada accounted for 3.18 million person hours.

ExxonMobil has filed a new five year Research and Development plan to cover 2008 – 2012, which has been approved by the Board. In the plan, ExxonMobil commits to spending a minimum total of $3 million on Board approved eligible research and development projects over the five year period, with a minimum of $300,000 in each calendar year of the plan.

4.3

Deep Panuke Offshore Gas Development

The CNSOPB, in consultation with the Benefits Review Committee, monitors selected procurement contracts related to Deep Panuke.

EnCana is also required to file an annual benefits report. According to the report filed with the Board for the period ending December 31, 2008, Nova Scotia person hours, cumulative to December 31, 2008, amounted to 433,117, while the rest of Canada accounted for 43,805 person hours.

In 2008, the Board signed-off on all conditions outlined in the Decision Report that required additional filings from EnCana. This included EnCana's Research and Development and Education and Training Plan which provides for expenditures of not less than 0.5% of the gross revenue from the project. During the development phase of the project when gas production has not yet begun, the funds will be based on 0.5% of the allowed capital cost in the previous calendar year. The plan will be monitored by the CNSOPB on a regular basis for compliance, along with all activities relating to conditions outlined in the Decision Report.

5.0 Administration

Staffing Changes

The Board successfully concluded its search for a new Chief Executive Officer and was pleased to appoint Mr. Stuart Pinks, P. Eng. Mr. Pinks previously served as the Board's Manager of Health Safety & Environment, and Chief Safety Officer.

Changes were also made in other positions over the year including, HS&E Auditor/Advisor, Supervisor of Administration, and Data Management Center Technician. Temporary assignments in 2008-09 included: Acting Manager, Health and Safety; Acting Manager, Environment; and Acting Chief Safety Officer. The organizational chart on page 56 outlines the structure of the CNSOPB at the end of the 2008-09 fiscal year.

Joint Occupational Health and Safety (JOHS)

The JOHS Committee assisted the Board with its goal to provide a safe and healthy workplace. JOHS activities in 2008-2009 included: wellness and health initiatives, first-aid/ CPR training, and office ergonomic assessments.

Royalties

The Board received $533,460,675.39 in royalties during the past fiscal year in respect of production from ExxonMobil Canada Ltd's Production Licences 2903 (Venture), 2904 and 2905 (Thebaud), 2906 (North Triumph), 2907 (Alma) and 2908 (South Venture). These funds have been forwarded to the Receiver General of Canada in accordance with the Royalty Collection and Administration Agreement signed by the Board, the federal government and the province of Nova Scotia.

MONTANA

6.0 Regulatory Modernization

As part of its commitment to continually improve the offshore regulatory framework, the Board has actively supported the federal, provincial and territorial governments' initiatives to update the existing petroleum regulations. Similarly, the Board has been active in updating a number of guidelines and other regulatory documents. Progress to date on many of these initiatives is noted below.

Frontier and Offshore Regulatory Renewal Initiative (FORRI)

FORRI is an initiative led by the federal government and its provincial and territorial counterparts to modernize the regulatory environment for Canada's frontier and offshore oil and gas sector. Working in partnership with governments, Board staff continue to play a leadership role. Governments are relying heavily on the Board's technical expertise in drafting new regulations that will be goal-oriented in nature, replacing the current prescriptive suite of regulations.

Drafting of new goal-oriented *Drilling and Production Regulations* to replace the current *Drilling Regulations* and the current *Production and Conservation Regulations* has been completed. This new regulation is scheduled to be published in the Canada Gazette I in April 2009 for a 45 day public comment period.

Work has also started on modernizing the remainder of the regulations promulgated under the *Accord Acts*.

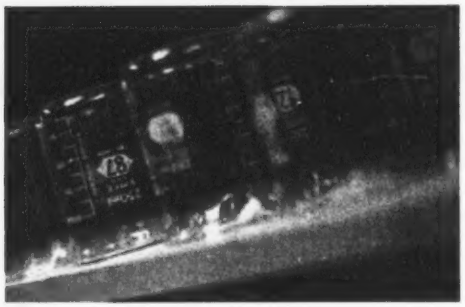
In parallel, the CNSOPB (in collaboration with the NEB and the C-NLOPB) is drafting guidelines that will be made available to industry to assist them in complying with requirements set forth in new regulations. The first draft of guidelines specific to the new *Drilling and Production Regulations* has been essentially completed by the three Boards, and will be ready shortly for external review and consultation. It is planned that these guidelines will be issued by the three Boards at the time the new regulation is promulgated for use.

Offshore Physical Environmental Guidelines

A revision to the *Offshore Physical Environmental Guidelines*, originally developed by the CNSOPB, the C-NLOPB and the NEB in 1994, has been completed by staff of the three Boards. This effort was led by the CNSOPB using a consultative process with representation from industry, governments, and consultants. A revision was deemed necessary in recognition of changing practices and technologies. Publication occurred in 2008.

Offshore Chemical Selection Guidelines

The review and revision to the *Guidelines Respecting the Selection of Chemicals Intended to be Used in Conjunction with Offshore Drilling and Production Activities on Frontier Lands* began in 2007. These guidelines are intended to provide a consistent framework for chemical selection as part of the environmentally responsible management of chemicals used in offshore drilling and production activities under the jurisdiction of the CNSOPB, C-NLOPB and the NEB. The review of these guidelines was led by the CNSOPB and was conducted jointly by the



three regulatory Boards with the assistance of a government/industry/public working group. The revisions have been approved by the three Boards, and publication is expected to occur in the second quarter of 2009.

Offshore Waste Treatment Guidelines

The review and revision to the *Offshore Waste Treatment Guidelines* (OWTG) started in the first quarter of 2009. The Guidelines recommend practices and standards for the treatment and disposal of wastes from petroleum drilling and production operations in Canada's offshore areas, and for sampling and analysis of waste streams to ensure compliance with these standards. The review of these Guidelines is conducted jointly by the CNSOPB, C-NLOPB, and the NEB with the assistance of a government/industry/public working group. Publication is expected to occur in 2010.

Environmental Protection Plan Guidelines

Development of *Environmental Protection Plan (EPP) Guidelines* began in 2008-09. The guidelines are being developed jointly by the CNSOPB, C-NLOPB, and the NEB with an initial focus on drilling and production operations. The objectives of the EPP Guidelines are to assist operators with effectively planning environmental protection in association with authorized activities through the creation of EPPs. It is also designed to assist operators with developing EPPs that will meet the information needs of the Boards in assessing applications for authorizations. It is anticipated that the EPP Guidelines will be issued at the same time the new *Drilling and Production Regulations* are promulgated.

Safety Plan Guidelines

The Board, in conjunction with the C-NLOPB and the NEB, is preparing a joint *Safety Plan Guideline* which is expected to be issued at the same time as the new *Drilling and Production Regulations* are promulgated. The objective of the *Safety Plan Guideline* is to assist operators with effectively planning the health and safety of authorized activities through the creation of safety plans. They will also assist operators in developing safety plans that will meet the information needs of the Boards in assessing applications for authorizations. Once published, the new guidelines will replace the Board's current *Guideline for Operator's Safety Plans* previously issued in 1995.

Incident Reporting Guidelines

The Board, in conjunction with the C-NLOPB, is preparing a joint *Guideline for the Reporting and Investigation of Incidents,* which is expected to be published in the second quarter of 2009. Once published, the new Guideline will replace the *Draft Incident Reporting Guidelines* currently in use in the Nova Scotia offshore area. The guideline will provide guidance to operators on the reporting and investigation of incidents. It will also harmonize these requirements in the Nova Scotia and Newfoundland and Labrador offshore areas.

Guidelines on the Issuance of Exploration Licences

With recent changes to the terms and conditions of the Call for Bids and the resulting Exploration Licences, it is necessary to update the *Guidelines on the Issuance of Exploration Licences*. The first draft of these revised guidelines has been reviewed by the

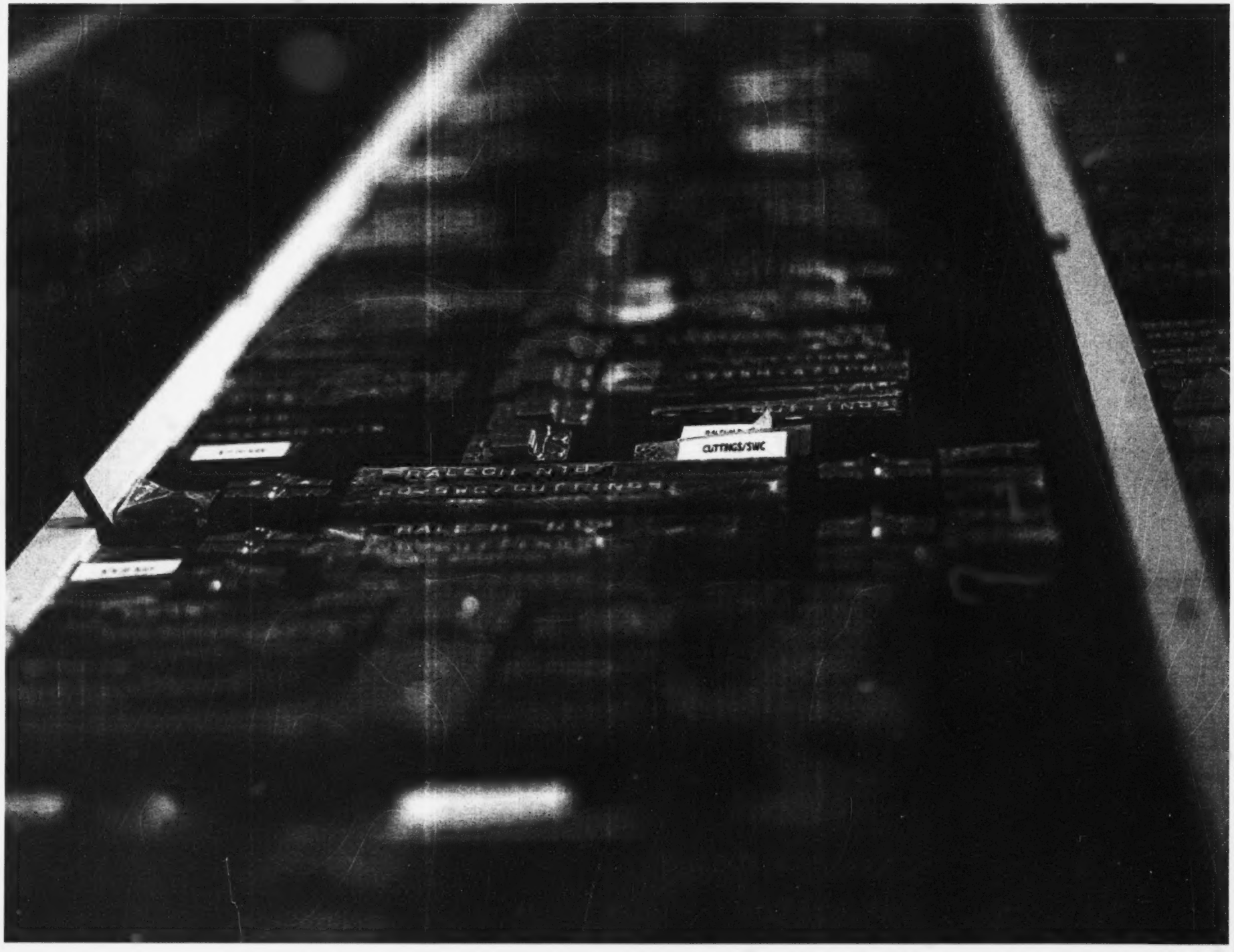
Board, governments, the Canadian Association of Petroleum Producers and current interest representatives. The guidelines are expected to be finalized in 2009-10.

Atlantic Canada Offshore Petroleum Industry Escape, Evacuation and Rescue Guide

A draft of the *Atlantic Canada Offshore Petroleum Industry Escape, Evacuation and Rescue Guide* continues to be developed by a committee of industry and regulatory personnel led by the Canadian Association of Petroleum Producers. It is designed to aid operators in their duties by stating the broad goals of escape, evacuation, and rescue emergency response. Considerable stakeholder engagement has taken place, and CAPP is awaiting final comments from offshore Joint Occupational Health and Safety Committees prior to finalizing and issuing this guide in 2009.

Standard Practice - Atlantic Canada Offshore Petroleum Industry Standard Practice for the Training and Qualifications of Personnel

The *Atlantic Canada Offshore Petroleum Industry: Standard Practice for the Training and Qualifications of Personnel* is the culmination of a joint effort among the offshore industry operators, drilling contractors and regional and national regulatory authorities (including the CNSOPB) to produce a single document containing a concise description of the minimum qualifications and certificated safety training required of individuals working in Atlantic Canada's offshore petroleum industry. This document was revised in April 2008.


CUTTINGS/SWC

7.0 Financials
Auditors' Report

TO THE MEMBERS OF CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD:

We have audited the statement of financial position of Canada-Nova Scotia Offshore Petroleum Board as at March 31, 2009 and the statement of revenue and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Levy Casey Carter Maclean

LEVY CASEY CARTER MACLEAN
CHARTERED ACCOUNTANTS

Halifax, Nova Scotia
April 16, 2009

Canada-Nova Scotia Offshore Petroleum Board

STATEMENT OF FINANCIAL POSITION **MARCH 31, 2009**

ASSETS	2009	2008
Current		
Cash	$ 2,855,993	$ 1,389,268
Receivables (note 3)	207,975	1,010,211
Prepaid expenses	203,502	109,056
	3,267,470	2,508,535
Property and equipment (note 4)	1,307,177	1,925,579
Internally restricted guaranteed investment certificate (note 2 (h))	1,247,298	-
	$ 5,821,945	$ 4,434,114
LIABILITIES		
Current		
Payables and accruals, trade	$ 515,628	$ 631,445
Payable to governments (note 5)	2,242,834	555,006
Deferred grants - GRC (note 6)	102,556	268,638
	2,861,018	1,455,089
Deferred capital grants (note2(b))	555,041	649,137
Deferred capital grants - GRC (note 2(c))	752,136	1,276,441
Accrued pension obligations (note 7)	378,685	331,273
Accrued employee future benefit obligations (note 8)	1,019,535	893,056
	5,566,415	4,604,996
Commitments (note 10)		
NET ASSETS (DEFICIT)		
Unrestricted net assets (deficit)	255,530	(170,882)
	$ 5,821,945	$ 4,434,114

Approved by the Board

Diana Lee Dalton
Board Member

Board Member

Canada-Nova Scotia Offshore Petroleum Board

STATEMENT OF REVENUE AND EXPENDITURES	YEAR ENDED MARCH 31, 2009	
REVENUE	2009	2008
Operating Grants		
Government of Canada	$ 3,259,500	$ 3,167,500
Government of Nova Scotia	3,259,500	3,167,500
GRC Grants		
Government of Canada	83,040	448,501
Government of Nova Scotia	83,040	448,501
	6,685,080	7,232,002
Add: Costs recovered from industry	3,207,232	2,522,515
Interest and other	77,087	88,003
Gain on disposal of property and equipment	966	600
Amortization of deferred capital grants	255,528	223,701
Amortization of deferred GRC grant	527,693	454,222
	10,753,586	10,521,043
Less: Cost recoveries refunded to government	(3,207,232)	(2,522,515)
Deferred capital grants	(161,432)	(645,935)
Deferred GRC capital grants	(3,387)	(715,035)
NET Revenue	7,381,535	6,637,558
EXPENDITURES		
Personnel, consulting and Board members	4,028,123	3,719,275
General office and support	1,209,928	1,097,688
Office and laboratory premise costs	575,999	540,365
Amortization of property and equipment	255,528	223,701
Amortization of GRC property and equipment	527,693	454,222
GeoScience research centre	162,694	181,967
Pension obligations cost	47,412	22,669
Other retirement obligations cost	137,746	558,553
Diving certification	10,000	10,000
	6,955,123	6,808,440
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	426,412	(170,882)
UNRESTRICTED NET ASSETS (DEFICIT), BEGINNING OF YEAR	(170,882)	-
UNRESTRICTED NET ASSETS (DEFICIT), END OF YEAR	$ 255,530	$ (170,882)

Canada-Nova Scotia Offshore Petroleum Board

STATEMENT OF CASH FLOWS	YEAR ENDED MARCH 31, 2009	
OPERATING ACTIVITIES	2009	2008
Excess (deficiency) of revenue over expenditures	$ 426,412	$ (170,882)
Amortization of deferred capital grants	(255,528)	(223,701)
Amortization of deferred GRC capital grants	(527,693)	(454,222)
Amortization of property and equipment	255,528	223,701
Amortization of GRC property and equipment	527,693	454,222
Gain on disposal of property and equipment	(966)	(600)
SERP pension cost (note 7)	47,412	22,669
Other retirement pension cost (note 8)	126,479	556,746
	599,337	407,933
Net change in non-cash working capital	2,113,721	(2,821,866)
balances related to operations (note 9)	2,713,058	(2,413,933)
INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	966	600
Purchase of		
Leasehold improvements	-	(131,084)
Leasehold improvements - GRC	-	(433,401)
Furniture and equipment	(3,228)	(46,990)
Furniture and equipment - GRC	-	(9,305)
Computer equipment	(55,994)	(98,231)
Computer equipment - GRC	(3,387)	(48,297)
Computer software	(102,211)	(286,012)
Computer software - GRC	-	(202,791)
Equipment	-	(83,618)
Equipment - GRC	-	(21,242)
Deferral of capital grants	161,432	645,935
Deferral of GRC capital grants	3,387	715,035
Purchase of guaranteed investment certificate	(1,247,298)	-
	(1,246,333)	599
INCREASE (DECREASE) IN CASH DURING YEAR	1,466,725	(2,413,334)
CASH, BEGINNING OF YEAR	1,389,268	3,802,602
CASH, END OF YEAR	$ 2,855,993	$ 1,389,268

NOTES TO FINANCIAL STATEMENTS **MARCH 31, 2009**

1. PURPOSE OF ORGANIZATION

The Canada-Nova Scotia Offshore Petroleum Board was formed to administer the relevant provisions of the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Acts enacted by the Parliament of Canada and the Legislature of Nova Scotia. The Board is funded by grants from the Federal and Provincial Governments in equal contributions. The Board collects and remits to the Governments cost recovery charges assessed against industry from regulatory reviews, up to a maximum of 50% of the Board's approved budget. The Board is a non-profit organization and is, therefore, exempt from income tax.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Capital asset purchases under $2,500 will be recorded as expenditures. Amortization is recorded using the straight-line method over four years for furniture, fixtures and equipment and over three years for computer equipment and software. Leasehold improvements are amortized over the life of the lease.

(b) Deferred capital grants

Federal and provincial grants received for annual capital expenditures are deferred and recognized into revenue on a basis consistent with the capital assets amortization charge.

(c) Deferred GRC grants

Federal and provincial grants received for expansion of the GeoScience research centre are deferred and recognized into revenue on a basis consistent with the capital assets amortization charge and operating expenses incurred during the year.

(d) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(e) Revenue recognition

The deferral method of accounting is used for contributions. Recoveries revenue is recognized as the related expenditures occur.

NOTES TO FINANCIAL STATEMENTS **MARCH 31, 2009**

2. ACCOUNTING POLICIES (continued)

(f) Accrued pension obligations

The actuarial determination of the accrued benefit obligation and current service cost for the SERP uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels and the plan's benefit allocation formula). Under this method an equal portion of the total estimated future benefit (i.e. with future salary levels and inflation), is attributed to each year of service.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

Actuarial gains (losses) arise from the difference between actual long term rate of return on plan assets for a period and the expected long term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. Cumulative gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market-related value of the plan assets are amortized over the average remaining service period of active members expected to receive benefits under the plan.

Obligations are attributed to the period beginning on the later of January 1, 1992 and employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

(g) Employee future benefits

Employees of the Board participate in the Province of Nova Scotia Pensioners Extended Health Plan upon retirement. This plan provides health care coverage to age 65. Employees are also eligible for one week of salary for each year of pensionable service, to a maximum of 26 weeks for Board staff who retire upon becoming eligible for retirement. These retirement benefits are recorded on an accrual basis based on an actuary's estimate. Cumulative gains and losses in excess of 10% of the beginning of year obligations are amortized over the expected average remaining service of active members expected to receive benefits under the plan (16 years). Obligations are attributed to the period beginning on the member's date of hire and ending on the date of reaching full eligibility for benefits.

(h) Internally restricted guaranteed investment certificate

During the year the Board approved the purchase of a guaranteed investment certificate equivalent to the Board's obligations for pensions and employee future benefits.

3. RECEIVABLES

	2009	2008
Harmonized sales tax recovery (payable)	$ (40,622)	$ (3,472)
Government grants	-	791,875
Interest accrued	117	4,432
Other	248,480	217,376
	$ 207,975	$ 1,010,211

NOTES TO FINANCIAL STATEMENTS **MARCH 31, 2009**

4. PROPERTY AND EQUIPMENT - GENERAL

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	$ 532,997	$ 413,929	$ 119,068	$ 131,084
Furniture and fixtures	428,826	392,262	36,564	55,207
Computer equipment	718,641	609,257	109,384	123,922
Computer software	613,951	378,203	235,748	261,044
Equipment	168,035	113,759	54,276	77,880
	2,462,450	1,907,410	555,040	649,137
Property and equipment - GRC				
Leasehold improvements	671,782	235,747	436,035	555,007
Furniture and fixtures	50,228	29,066	21,162	33,719
Computer equipment	971,464	791,196	180,268	500,137
Computer software	202,791	101,395	101,396	168,992
Equipment	21,242	7,966	13,276	18,587
	1,917,507	1,165,370	752,137	1,276,442
	$ 4,379,957	$ 3,072,780	$ 1,307,177	$ 1,925,579

5. PAYABLE TO GOVERNMENT

	2009	2008
Federal government - cost recovery funds	$ 1,121,417	$ 277,503
Provincial government - cost recovery funds	1,121,417	277,503
	$ 2,242,834	555,006

6. DEFERRED GRANTS - GRC

The Government of Nova Scotia provided a grant in its 2005-06 budget in the amount of $1,000,000 and a further $221,400 in 2006-07 to support the Board's initiatives to improve the management and dissemination of geological data. The Government of Canada provided a grant of $850,000 in 2006-07 and a further $371,400 in 2007-08 for this purpose. As at March 31, 2009, there is $102,556 (2008 - $268,638) remaining to be spent of these grants. The grants are being accounted for as described in note 2.

NOTES TO FINANCIAL STATEMENTS **MARCH 31, 2009**

7. PENSION OBLIGATIONS

(a) Supplementary Employee Retirement Plan (SERP)

The Board Supplementary Employee Retirement Plan provides benefits to its employees who are members of the Public Service Superannuation Plan (PSSP). Employees are eligible for membership in this plan once their pensionable earnings have reached a level such that their benefits under the PSSP are limited by the maximum pension limits under the Income Tax Act.

The Board measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31, of each year. The most recent actuarial valuation of the retirement plan for funding purposes was as of March 31, 2009. An updated actuarial valuation will be done at least every three years.

The Board has adopted the recommendations of Section 3461 of the CICA Handbook. The following is required for disclosure purposes:

	2009	2008
COMPONENTS OF NET PERIODIC PENSION COST		
Current service cost	**$ 25,363**	$ 15,505
Interest cost	**23,698**	13,228
Amortization of net actuarial loss (gain)	**318**	(6,064)
Net periodic pension cost recognized	**49,379**	$ 22,669
WEIGHTED-AVERAGE ASSUMPTIONS FOR EXPENSE		
Discount rate	**6.00%**	5.25%
Rate of compensation increase	**2.50%**	2.50%
WEIGHTED-AVERAGE ASSUMPTIONS FOR DISCLOSURE		
Discount rate	**8.50%**	6.00%
Rate of compensation increase	**2.50%**	2.50%
CHANGE IN ACCRUED BENEFIT OBLIGATION		
Accrued benefit obligation at the end of the prior year	**$ 369,848**	$ 236,452
Current service cost	**25,363**	15,505
Interest cost	**23,698**	13,228
Benefits paid	**(1,967)**	-
Actuarial loss (gain)	**(114,426)**	104,663
Accrued benefit obligation at the end of the year	**302,516**	$ 369,848
RECONCILIATION OF FUNDED STATUS TO ACCRUED BENEFIT LIABILITY		
Benefit obligation at end of year	**$ 302,516**	$ 369,848
Unamortized net actuarial gain (loss)	**76,169**	(38,575)
Accrued benefit liability	**$ 378,685**	$ 331,273

7. PENSION OBLIGATIONS (continued)

(b) Multiemployer Defined Benefit Pension Plan

The Board contributes to a pension plan under the Public Service Superannuation Act administered by the Province of Nova Scotia. The Board matches employees' contributions calculated as follows: 7.4%(2008- 7.4%) on that part of their salary that is equal to or less than the "Year's Maximum Pensionable Earnings" (YMPE) under the Canada Pension Plan and 9.6%(2008- 9.6%) on the part of their salary that is in excess of the YMPE. The Board has recognized contributions of $264,844 in 2009(2008- $219,619). There is no further liability with respect to past service at March 31, 2009.

8. ACCRUED EMPLOYEE FUTURE BENEFIT OBLIGATIONS

The Board provides other retirement benefits to its employees by participating in the Province of Nova Scotia's post-retirement health insurance program and also provides retiring allowance benefits to those employees who retire from the Board. The retiring allowance benefit was new in fiscal 2008. Both benefits are funded on a pay-as-you-go basis. The Board funds on a cash basis as contributions are made.

An actuarial valuation was prepared for the first time for the fiscal year ended March 31, 2006 and then updated in 2008 for the new benefits. The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Board's best estimates.

	2009	2008
COMPONENTS OF NET PERIODIC PENSION COST		
Current service cost (employer portion)	$ 69,447	$ 68,378
Interest cost	59,201	46,039
Amortization of past service costs	128	444,136
Net periodic benefit cost recognized	$ 128,776	$ 558,553
WEIGHTED-AVERAGE ASSUMPTIONS FOR DISCLOSURE		
Discount rate	8.00%	6.00%
Initial weighted average health care trend rate	7.25%	7.50%
Ultimate weighted average health care trend rate	4.50%	4.50%
Year ultimate rate reached	2016	2015
CHANGE IN ACCRUED BENEFIT OBLIGATION		
Accrued benefit obligation at the end of the prior year	$ 918,378	$ 365,323
Current service cost (employer portion)	69,447	68,378
Interest cost	59,201	46,039
Plan amendments	-	444,136
Benefits paid	(2,296)	(1,807)
Actuarial loss (gain)	(191,850)	(3,691)
Accrued benefit obligation at the end of the year	$ 852,880	$ 918,378

NOTES TO FINANCIAL STATEMENTS **MARCH 31, 2009**

8. ACCRUED EMPLOYEE FUTURE BENEFIT OBLIGATIONS (continued)	2009	2008
RECONCILIATION OF FUNDED STATUS TO ACCRUED BENEFIT LIABILITY		
Deficit at the end of year	**$ 852,880**	$ 918,378
Unamortized net actuarial gain	**166,655**	(25,322)
Accrued benefit liability	**$ 1,019,535**	$ 893,056

9. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	2009	2008
INCREASE (DECREASE) IN CASH FROM CHANGES IN:		
Receivables	**$ 802,236**	$ 32,104
Prepaid expenses	**(94,446)**	(50,851)
Payables and accruals	**(115,815)**	(1,007,058)
Payable to government	**1,687,828**	(547,078)
Deferred revenue	**-**	(334,519)
Deferred grants	**(166,082)**	(914,464)
	$ 2,113,721	$ (2,821,866)

10. COMMITMENTS

The Board has entered into various lease agreements for premises. The approximate payments required for base rent over the next five years are as follows:

2010	$ 252,290
2011	$ 254,241
2012	$ 256,191
2013	$ 258,142
2014	$ 186,964

11. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

Financial instruments of the Board consist mainly of cash, guaranteed investment certificates, accounts receivable, accounts payable and accrued liabilities. The carrying values of these financial assets and financial liabilities approximate their fair values given their short-term nature.

The Board has classified its financial instruments as follows:

Cash and guaranteed investment certificate - held for trading; measured at fair value.

Receivables - loans and receivables; measured at amortized cost.

Payable and accruals - other financial liabilities; measured at amortized cost.

(b) Credit risk management

The Board is exposed to credit risk on the accounts receivable from its clients. In order to reduce its credit risk, the Board has adopted credit policies which include the analysis of the financial position of its clients and the regular review of their credit limits. The Board does not have a significant exposure to any individual client.

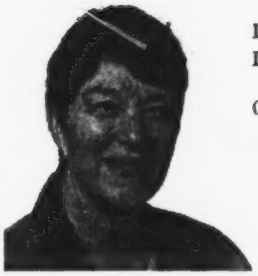
Seismic Imaging of Carbonate Reservoirs and Systems
CARBONATE RESERVOIRS
CARBONATE
DEPOSITIONAL ENVIRONMENTS
AAPG MEMOIR
MODERN MARINE AND

8.0 Board Members

The Board consists of up to five members and two alternate members who are appointed for fixed terms of office. The Chair is jointly appointed by both the Government of Canada and the Government of Nova Scotia. Each government appoints two Board members, and each government may also appoint one alternate member. In December 2008 Ms. Sara Jane Snook, a federal appointee, resigned in order to accept a position with the National Energy Board. In addition, the appointments of Mr. Brian Giroux, a federal appointee, and Mr. William Hogg, a provincial appointee, expired in July 2008 and March 2009 respectively. The Board is hoping new appointees will be made by the respective governments in the near future.

Left-Right, Front row: William D. Hogg, Diana Dalton, Keith Evans. Back row: Brian Giroux, Tim Brownlow, Sara Jane Snook, Douglas Gregory

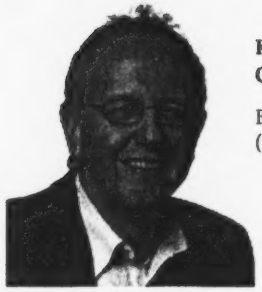
Debbie Mountenay,
Manager, Administration &
Industrial Benefits.



DIANA LEE DALTON

Chair

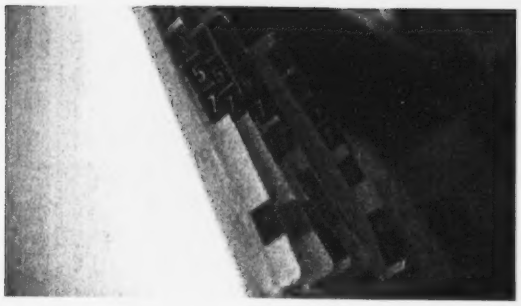
Diana Dalton, a native of Yarmouth, Nova Scotia and lawyer by training, has extensive experience in dealing with international legal and regulatory issues. She has worked for the United Nations, the World Bank, the OECD and USAID on projects in over 30 nations around the world. An experienced regulator, Ms. Dalton has drafted laws, regulations and administrative procedures for the mining, petroleum and energy sectors in nations such as India, China, Vietnam, Papua New Guinea and Ethiopia. From 1991 to 1995 she served as the Interregional Advisor in Natural Resources to the United Nations Department of Economic and Social Development at UN Headquarters in New York City. Ms. Dalton was also part of the negotiating team for Nova Scotia resulting in the Canada-Nova Scotia Offshore Oil and Gas Agreement of 1983-84. She is Chair of the Canada-Nova Scotia Offshore Petroleum Board and works as an independent consultant from her home in Halifax.



KEITH R. EVANS, Q.C.

Board Member
(Provincial)

Keith Evans is a practicing member of the Nova Scotia Barristers' Society and the Law Society of Alberta. He resides in Edmonton, Alberta, where he is Vice President, Legal & Corporate Secretary for Lilydale Inc., one of Canada's leading chicken and turkey processors. Until the end of 2006, he served as the General Counsel for Scomi Group Berhad, a Malaysian public company, and the KMC Oiltools Bermuda Limited group of companies, which are owned by Scomi. That group was involved in drilling fluid and waste management activities in the oil and gas sector worldwide. With this experience, Keith has been involved in many aspects of the oil and gas industry for over 15 years. He holds an LL.B. Degree from Dalhousie University and an LL.M from the University of Sydney, Australia. He originally started his legal practice in Halifax with what was then Cox, Downie, Nunn & Goodfellow, and also worked with Baker& McKenzie, the world's leading global law firm, in their Singapore Office. He has served on the full-time faculty at the Law Schools at the National University of Singapore and Dalhousie University. From 2002-06, he also served as President of the Nova Scotia Law Reform Commission.



TIM BROWNLOW

Alternate Board Member (Provincial)

Tim Brownlow is a government relations and business development executive with over thirty years of experience in the offshore oil and gas sector. He is currently Director of Government Affairs and Business Development with Irving Shipbuilding Inc., and recently worked with Kiewit Energy Canada Corporation as Business Development Manager in Calgary, Alberta. He began his offshore career in the oil and natural gas industry in 1978 working for the following companies: ODECO Drilling, Magcobar, and Rowan Companies Inc., both domestically and internationally. He then joined the Nova Scotia Government in 1990, holding positions as Petroleum Operations Officer, Director of Benefits & Training and Chief Advisor for the Department of Natural Resources and the Offshore Energy Office. During Tim's offshore and government days he was fortunate to have been directly involved from the discovery phase through to the production phase for both the Sable Offshore Energy Project and the Cohasset-Panuke project. He has served on numerous boards and committees, including: the Premier's Energy Advisory Council, Chairman of the Offshore/Onshore Technologies Association of Nova Scotia, the Atlantic Energy Roundtable, seconded to the Grampian Regional Council (Aberdeen, Scotland), Associate Member for the World Energy Cities Council, and former Co-Chair for the Federal/Provincial Regulatory Review Committee.

DOUGLAS (DOUG) GREGORY

Alternate Board Member (Federal)

Doug Gregory's career with Shell Canada and Royal Dutch Shell spanned over three decades. He began as an exploration geophysicist in Canada and would later work with Petroleum Development Oman, a joint venture company working in Muscat, Sultanate of Oman. After returning to Calgary and focusing on exploration in Western Canada, he went on to hold various management positions including: Exploration Research Manager at Shell Canada's Calgary Research Centre, Manager Geophysical Operations, and Manager, Safety and Environment providing technical support to Shell Canada's Upstream Operations. In 1999, Doug moved to Halifax to open Shell Canada's exploration office, focusing on deepwater seismic exploration over Nova Scotian slope (deep water) acreage. He retired as East Coast Manager in 2003. He has been active in various organizations including: Co-chair, Petroleum Fisheries Liaison Group - Canadian Association of Petroleum Producers (CAPP) 2001-2003; Chair, Atlantic Canada Committee - CAPP 2001-2003; Director, Greater Halifax Partnership representing the Energy sector (2002-2004); and, President, Rotary Club of Halifax Northwest (2007-2008). He holds a M.Sc. in Microwave Physics (1970) from the University of Waterloo, Ontario and a B.Sc. Math & Physics (1969) from Sir George Williams University, Montreal. Doug resides in Halifax, Nova Scotia.

WILLIAM D. HOGG

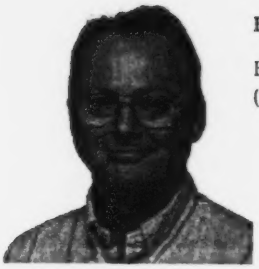
Board Member (Provincial)

Bill Hogg is retired from 25 years in the Nova Scotia Public Service. Mr. Hogg worked in the Department of Health, was Director of Audits in the Office of Auditor General, and Executive Director, Finance and Administration for the Department of Government Services. He was appointed Deputy Minister of Government Services in April 1993 and served as Deputy for the next 10 years in the Departments of Natural Resources, Transportation and Public Works, and most recently Finance. Mr. Hogg became a Chartered Accountant in New Brunswick, where he worked with a national accounting firm before joining the Nova Scotia Civil Service. In addition to his role as Deputy Minister, Mr. Hogg served on the Boards of numerous Crown Corporations, completed a three year term on the Public Sector Accounting Board, and received the Institute of Public Administration's Lieutenant Governor's Award for Excellence in Public Administration in 2003. Mr. Hogg chaired the PSAB Study Group, Accounting in Government Budgeting and is currently engaged in providing management consulting services. Mr. Hogg's appointment to the CNSOPB expired in March 2009.

SARA JANE SNOOK

Board Member (Federal)

Sara Jane Snook is a professional engineer with over 20 years of experience in corporate finance and oil and gas development. She holds a Bachelors and Masters Degree in Engineering from the Technical University of Nova Scotia (now part of Dalhousie University). Sara Jane began her career in Calgary, Alberta working for a large, multinational oil company. She returned to Atlantic Canada to join the Nova Scotia government. After a decade, which saw the first oil production and the first gas project in the Nova Scotia offshore accomplished, she returned to the private sector and spent five years in corporate banking with a large Canadian bank and three years as Executive Director of Springboard, an organization to promote technology transfer at Atlantic Canadian Universities. She is currently Principal of SJD Management Ltd. Providing consulting services in science and technology innovation and commercialization. Ms. Snook resigned from the CNSOPB in December 2008 to accept an appointment to the National Energy Board as a temporary Member.



BRIAN GIROUX

Board Member
(Federal)

Brian Giroux is the Executive Director of the Scotia Fundy Mobile Gear Fishermen's Association, a position he has occupied since 1989. Mr. Giroux has broad experience as a government consultant on resource assessment and aquaculture projects, and has served as an International Fisheries Observer for the Department of Fisheries and Oceans. He owns and operates a shellfish farm and holds various fishermans' licenses. He has worked on various types of vessels, catching a number of different species. Throughout his career, Mr.Giroux has been involved in a number of committees and programs. He is a past member of the Council of Science and Technology Advisors, Past Chairman of the Department of Fisheries and Oceans Science Advisory Council, and Chairman of the Scotia Fundy IQ (Individual Quota) Committee. Mr. Giroux's appointment to the CNSOPB expired in July 2008.

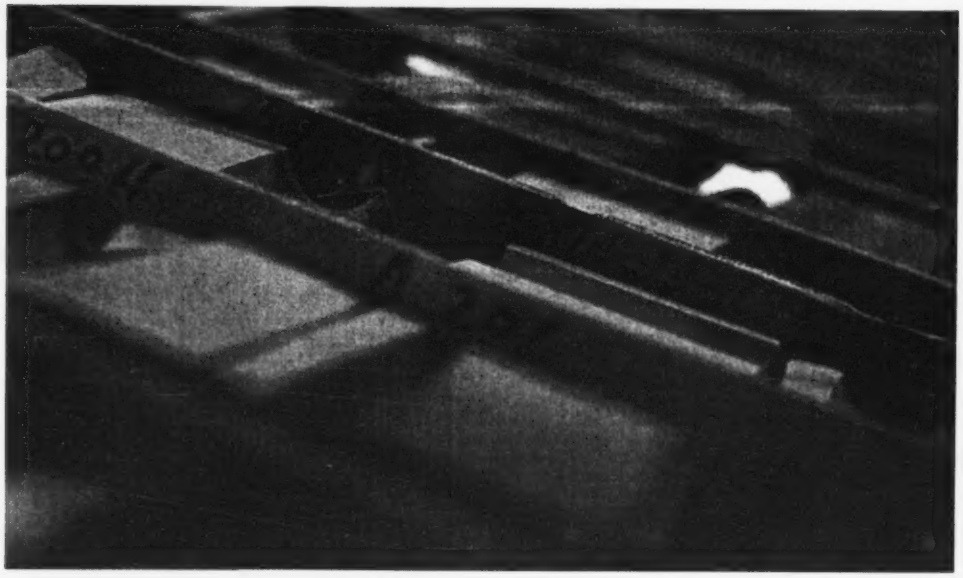


FIGURE 7:
CNSOPB Organizational Chart as of March 31, 2009.

(L-R) Mark Deptuck and Brenton Smith are staff members of the Board's Resources & Rights group.

Employee Achievements and Milestones

MR. STUART PINKS, P.ENG
Chief Executive Officer

The Board appointed Mr. Stuart Pinks, P.Eng, as Chief Executive Officer in 2008-2009. Mr. Pinks is a senior regulatory and operations executive with a broad range of experience in the petroleum sector in Canada, Venezuela, Malaysia and Thailand. He has served as Manager of Health, Safety & Environment, and Chief Safety Officer with the CNSOPB since joining the organization in 2002. In his work with the CNSOPB, Mr. Pinks has promoted the continuous improvement of health, safety and environmental performance of oil and gas activities offshore Nova Scotia, and provided operational and strategic regulatory advice to Board members and governments. Mr. Pinks is a graduate of the University of Toronto and holds the designation of Professional Engineer.

MS. ELIZABETH MACDONALD
Conservation Officer

MR. GERALD SHEEHAN, P.ENG
Safety Officer

Pursuant to the Accord Acts, the Board appointed a new Conservation Officer and a new Safety Officer in 2008-2009. Both individuals are members of the CNSOPB Health, Safety and Environment group.

- Ms. Elizabeth MacDonald, Environmental Analyst, was appointed as a Conservation Officer.
- Mr. Gerald Sheehan, P.Eng., Advisor, Facilities/ Productions Operations, was appointed as a Safety Officer.

Safety and Conservation Officers have certain legislated rights with respect to the administration and enforcement of the Accord Acts and its Regulations.

Michael S. McPhee, General Counsel, Secretary of the Board & Manager, Regulatory Policy.

MR. DAVID E. BROWN
Senior Geologist

The Board congratulates David E. Brown, Senior Geologist, for organizing and convening the inaugural Central Atlantic Conjugate Margins Conference – Halifax 2008. He chaired the conference that was over two years in the making, which focused on understanding of the Central Atlantic margins' evolution, petroleum systems and potential opportunities. It was an unqualified success drawing 225 geoscientists from 20 countries around the world. Its legacy will be the convening of the conference in Lisbon, Portugal in late 2010.

DR. MARK DEPTUCK
Geologist

The Board congratulates Dr. Mark Deptuck for his election as Vice President of the Atlantic Geoscience Society (AGS). Mark is a petroleum geologist who joined the Board in 2007. The AGS is the region's premier geoscience society and is well recognized for showcasing research by Atlantic Canadian geoscientists and students, as well as its award-winning public outreach and education programs on the earth sciences.

Visit the Board online

www.cnsopb.ns.ca for up-to-date reports and data including:

- Regulatory Framework: Legislation, regulations, guidelines and other regulatory documents.
- Offshore oil and gas production data.
- Licence Registry information including: new ELs, SDLs, PLs and transfers of ownership
- Call for Bids information.
- Environmental Assessment Registry - - information including newly posted information for active EAs.
- Weekly Activity Reports - - detailing current offshore activities.
- Annual and Semi-Annual Benefits Reports submitted for the Sable Offshore Energy Project and Deep Panuke Offshore Gas Development.
- Spills to Sea statistics.
- Injury statistics.
- Geological and geophysical information.
- Data Management Centre - - access to digital geoscience data: www.cnsopbdmc.ca

Jane (JD) Roche, Records Management Administrator

CNSOPB

CANADA-NOVA SCOTIA
OFFSHORE PETROLEUM BOARD